

Herald Tribune



PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Paris, Tuesday, October 25, 1994

No. 34,728

Path to Peace Is Mined With Dangers for Syria's Chief

By John Lancaster
Washington Post Service

DAMASCUS — For President Hafez Assad of Syria, peace could be almost as risky as war.

During 24 years of authoritarian rule, the enigmatic former air force pilot has derived much of his legitimacy — and power — from confrontation with Israel.

In the name of regaining the Golan Heights and winning justice for Palestinians, Mr. Assad built a 400,000-man army and equipped it with modern Soviet arms, snuffed out religious and political dissent

NEWS ANALYSIS

at home and created a personality cult of Orwellian proportions, complete with huge portraits draped from most public buildings here.

In the process, Mr. Assad cemented his reputation as one of the Middle East's most enduring and influential political figures, no mean achievement in a country that has experienced half a dozen coups since winning independence from France in 1946. The last was Mr. Assad's bloodless takeover in 1970.

As President Bill Clinton prepares to fly here this week in a high-profile gesture aimed at nudging Syria toward a settlement with its long-time adversary, Israel, Mr. Assad, 64, must wrestle with the question of whether he can lead his country in peace as he has long led it in war.

The answer is not simple. For all its likely benefits — more Western aid and investment and an end to Syria's pariah status — peace also threatens powerful vested interests, in particular the military, whose leadership forms the core of Syria's ruling elite and is dominated by its Alawite Muslim minority.

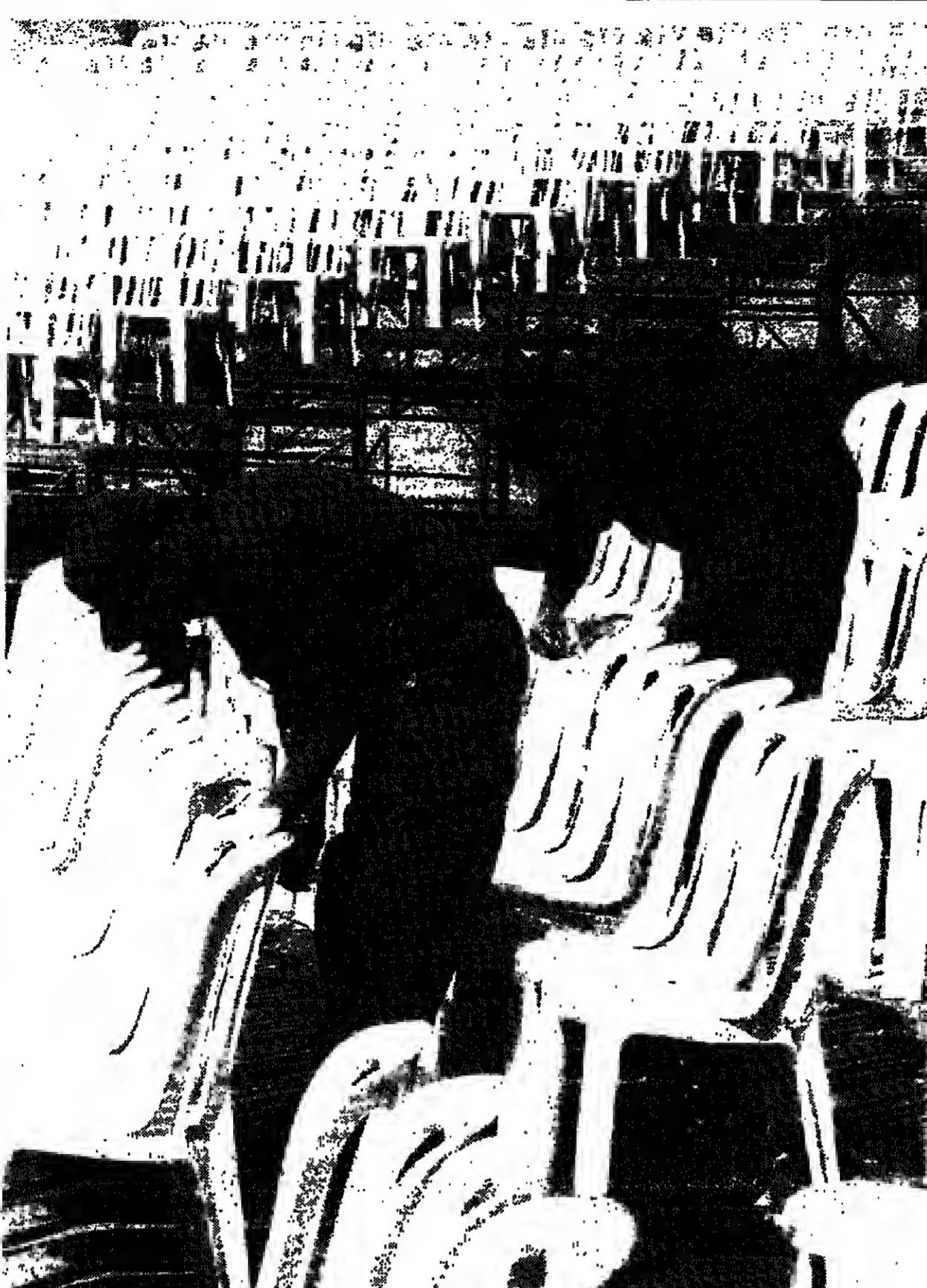
The danger for Mr. Assad is that a peace agreement could set in motion forces he cannot control, jeopardizing the country's hard-won stability and dashing his hopes for an orderly transition of power once he steps down.

For those and other reasons, said a diplomat who asked not to be identified, a peace agreement is not inevitable.

"I don't get the feeling that it's in the bag," the diplomat said. "It could fall apart and become very nasty."

Ever since Mr. Assad's youthful days as an air force officer and an activist in Syria's socialist Ba'ath Party, which seized

See SYRIA, Page 8



Israeli soldiers aligning chairs on Monday for guests at Wednesday's treaty signing at the Jordan-Israel border.

Christopher Urges End of Funds to Iran, Hamas' Ally

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — In a sharp attack on Iran, Secretary of State Warren M. Christopher called Monday for a worldwide effort to cut off funding for Middle East terrorists and criticized the international community for leniency toward Tehran's "outlaw behavior."

Mr. Christopher did not present evidence of a specific link between Iran and the radical Palestinian group Hamas, which has claimed responsibility for a wave of killings and bombings aimed at Israelis.

But in calling for closer attention to terrorism's financial base, the secretary cited U.S. efforts to cut off domestic sources of money to Hamas and sharply criticized the Islamic regime in Tehran.

"Iran is the world's most significant sponsor of state terrorism and the most ardent opponent of the Middle East peace process," Mr. Christopher said in a speech at Georgetown University that outlined U.S. policy in the Middle East on the eve of President Bill Clinton's departure for the region.

Condemnation of terrorism is not enough, he said, adding: "A real penalty must be imposed. We must join together to turn off all foreign sources of funding for terrorism, both private sources and public sources."

Mr. Christopher also called for shutting down "front organizations" linked to terrorist groups, and said new U.S. legislation would be sought, where needed, to cut off the flow of dollars from domestic groups.

Israeli officials have long called for stronger measures to destroy the roots of terrorism.

In his speech, Mr. Christopher criticized unnamed governments for commercial dealings with Iran.

"The international community, in my judgment, has been far too lenient of Iran's outlaw behavior," he said.

In the past, U.S. officials have reportedly sought to persuade Japan and European allies, including Germany, to curtail their commercial and financial arrangements with Iran. Last month, Mr. Clinton extricated a promise from Moscow to end its arms sales to the Tehran government after current contracts were met.

In recent days, the clear focus of U.S. and Israeli concern has been Hamas, whose most militant members are the tar-

See MIDEAST, Page 8

Bomb Blast In Sri Lanka Puts Nation In Disarray

Peace Talks Are Halted With Tamils After 52 Die at Political Rally

By Molly Moore
Washington Post Service

NEW DELHI — The assassination of Sri Lanka's leading opposition presidential candidate, apparently by a suicide bomber, has thrown the beleaguered nation into political disarray and jeopardized a fledgling peace process aimed at settling the country's 11-year-old civil war with Tamil separatists.

The bomb blast killed Gamini Dissanayake and 51 others, including several key leaders of the opposition United National Party, just after midnight Sunday during a packed campaign rally on the outskirts of Colombo. An estimated 70 persons were injured. Coming only 17 days before the presidential balloting, it followed a pattern of violent elections in the small island nation.

The bombing, which occurred moments after Mr. Dissanayake, 52, had ended a speech, was believed to have been detonated by a woman who tied a bomb to her body and was seated in one of the front rows at the rally.

United National Party officials and many others in the country were quick to blame the Liberation Tigers of Tamil Eelam, the minority group that is fighting a civil war for a separate state in northern Sri Lanka and has carried out numerous assassinations in the past using their trademark suicide bombers. Its members wear cyanide capsules around their necks, professing they would rather commit suicide than be captured.

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See MIDEAST, Page 8

The Reasons Behind the Fall From Grace of East Europe's Dissidents

By John Pomfret
Washington Post Service

PRAGUE — Five years ago the governments of the newly liberated countries of Eastern Europe were saturated with former "dissidents," the persecuted opponents of Communist rule who had emerged from the twilight zone of prison, exile and enforced menial work in breweries and coal mines to take the reins of power.

Today, only a handful remain. The sudden tumble off the political stage by the East European revolutionaries is the most curious element of the region's transition from communism to democracy and a free-market society. That it has coincided with a resurrection of ex-Communists from

both the government and the once infamous security services makes it all the stranger.

The cabinet ministers in Hungary's new government share a total of 224 years of membership in the old Communist Party. The last Solidarity activist recently quit Poland's intelligence service; in September the government appointed as its chief a former Warsaw Pact spy in Vienna. All the main hands in the Czech Republic are headed by former Communists. Ex-Communists dominate Bulgaria, Romania and Slovakia.

On the surface, the political pounding suffered by the dissident generation seems to point to a failure of the dissidents to convince their electorates of the necessity of more and faster reforms, and of the voters

to grasp the historic opportunity to move Eastern Europe ahead.

Still, it is arguable that even though voters have shamed the dissidents to the sidelines, what they stood for — free elections, free markets and the protection of personal freedoms — has become the political norm, at least in Poland, the Czech Republic and Hungary.

In states such as Romania and Bulgaria, where there were few or no political dissidents under Communist rule, such norms have not taken hold and democratic change has been thwarted by an entrenched ex-Communist bureaucracy.

"Most dissidents tend to be a bit impractical," said the Czech president, Vaclav Havel, who led Czechoslovakia to democracy and then presided reluctantly over its breakup into the Czech Republic and Slovakia.

But other, deeper reasons for this political eclipse are also at work.

First, dissidents were a minority in the old society, and their existence as principled fighters against totalitarianism made many people, who were more interested in survival than in freedom, feel guilty about the wayward collaboration demanded by the system.

"In free elections, people naturally identify with those whose fates and standpoints were similar to their own," Mr. Havel said. "Society is a bit resistant to

change.

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See EAST, Page 8

Coming In From the Cold

Spy-Gear Firm Looks for New Identity

By John Mintz
Washington Post Service

If Big Brother ever took control of the United States, E-Systems Inc. would surely be its prime contractor.

E-Systems designs spy satellite gear that can snap photographs of automobile license plates from space and capture electronic communications, from phone calls to rocket telemetry.

E-Systems software can analyze those spy satellite photos to see whether anything has changed since the last shots were taken.

E-Systems hardware can help federal drug enforcement agencies track cocaine planes and tap drug dealers' telephones.

In short, E-Systems' technologies part

of the central nervous system for the nation's intelligence community, are regarded as brilliant by intelligence agencies and Wall Street.

But the company's closets also contain some classified skeletons. Critics say in some ways the company is almost indistinguishable from the CIA because it operates so secretly, lacks accountability and is loaded with retirees from the CIA and other intelligence agencies. E-Systems' critics say it has lied in legal proceedings to protect its interests.

E-Systems, which is based in Dallas but has a strong presence in Falls Church, Virginia, is a company with an identity crisis. For decades a fixture in classified work, it is accustomed to selling its wares only to the intelligence community and doing it secretly.

But now, with competition increasing for a declining number of classified contracts, E-Systems is desperate to change. For the first time in its history, it wants to communicate with outsiders, loosen its military-like corporate culture and become more entrepreneurial.

The firm also is trying to transform its secret technologies into things it can sell to the public. One problem is that most of its classified gear is so capable and expensive it must be "dumbed down" to be sold to outsiders.

"We don't have a clue how to market commercially," said Lowell Lawson, chairman of E-Systems.

Some industry analysts say E-Systems must merge with a large defense firm to ensure its survival, and there is speculation among defense industry analysts that such a merger may be in the works. Martin Marietta Corp. often has been mentioned

Kiosk

Aristide Chooses Prime Minister

PORT-AU-PRINCE, Haiti — President Jean-Bertrand Aristide selected Smaïc Michel, a Haitian businessman and ex-commerce secretary, to be his prime minister, parliament sources and people close to Mr. Michel said Monday.

"President Aristide has written two letters, one to the president of the Senate, the other to the president of the Chamber of Deputies, to announce his choice," an aide to Mr. Michel said. Mr. Michel is a political moderate who served in Mr. Aristide's first cabinet. His nomination must be approved by both chambers of the Parliament. (Page 7)

Book Review

Page 8

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See EAST, Page 8

New Heart Supports a Fugitive's Long-Distance Run

By Robert D. McFadden
New York Times

NEW YORK — In 1993, Bartolomé Moya, a purported leader of a brutal drug ring, was arrested and charged with murder and kidnappings. But doctors said he had a terminal heart disease, and a federal judge dropped the charges and sent him home to die.

Then Mr. Moya got a taxpayer-financed \$400,000 heart transplant at Temple University in Philadelphia.

Upon hearing about that, prosecutors indicted and jailed him again. The judge — told that Mr. Moya needed daily drugs to prevent the new heart from being rejected and that he could not go far — granted him house arrest in Philadelphia, provided he wore an electronic ankle bracelet.

Though it seemed suicidal, Mr. Moya disappeared, touching off a manhunt by authorities who guessed he was living on borrowed time without his medications.

The bizarre case took another turn over the weekend.

as federal marshals said the fugitive had been seized in his native Dominican Republic — and he appeared to be in good health.

"He must have been following the instructions of the good doctors from Temple University Medical Center," said William Dempsey, a spokesman for the U.S. Marshals Service.

Mr. Dempsey said Dominican officials, with information from American law-enforcement agencies, arrested Mr. Moya late last week.

"It would seem that he might have decided he had only a short time to live and went to spend his last days with his family," said George Edelstein, Mr. Moya's court-appointed lawyer.

[A U.S. court magistrate, Aida Delgado, ordered Mr. Moya's extradition Monday to New York City. The Associated Press reported from San Juan, Puerto Rico. Mr. Moya had waived extradition and was turned over

Saturday to U.S. marshals, who took him to Puerto Rico for the hearing.]

The strange case began in August 1993, when Mr. Moya and other purported leaders of a drug ring were indicted by a federal grand jury in Manhattan on charges of committing a dozen murders and numerous kidnappings, bombings and other violent crimes between July 1988 and July 1991.

Three other defendants were eventually convicted and sentenced to life in prison without parole. But Mr. Moya, after an examination by court-appointed doctors, was found to be suffering from terminal heart disease and was not expected to live more than a few months.

Thomas Griesa, the chief judge of federal court in Manhattan, who heard the case, dismissed the charges and ruled that Mr. Moya could spend his last days with

See HEART, Page 8

Newsstand Prices

Dow Jones	Trib Index
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U.S. in Bosnia Feels Ambushed by UN

Friction on Policy Escalates

Washington Post Service

SARAJEVO, Bosnia-Herzegovina — When a high-ranking U.S. official attempted to leave Sarajevo for a trip to central Bosnia last week, he was met with a rude and risky surprise.

United Nations officers failed to comply with a U.S. request for armored transport. Western officials said, so the official was forced to sneak out of this besieged capital and later back into it through a feud tunnel under Sarajevo's airport.

The potentially dangerous round trip of Gregory Treverton, deputy chairman for estimates of the National Intelligence Council, is the latest in a series of snubs by the UN mission of U.S. officials in Sarajevo, the sources said.

These encounters run the gamut from the petty to the antagonizing. They include a dispute over whether the color of an American car could be blue instead of UN white and pressure to stop State Department officials from using a fax machine in a UN compound. The snubs, though, have a common source in a serious disagreement: how to handle the Serbs.

The UN mission has shied from open action to push open roads blocked by the Serbs or to stop "ethnic cleansing."

But many U.S. officials have called for a more robust UN

role in Bosnia and tougher action against the Serbs.

One source of disagreement is the complexity of the 60-odd UN Security Council resolutions on Balkan conflicts, which can be interpreted in various ways.

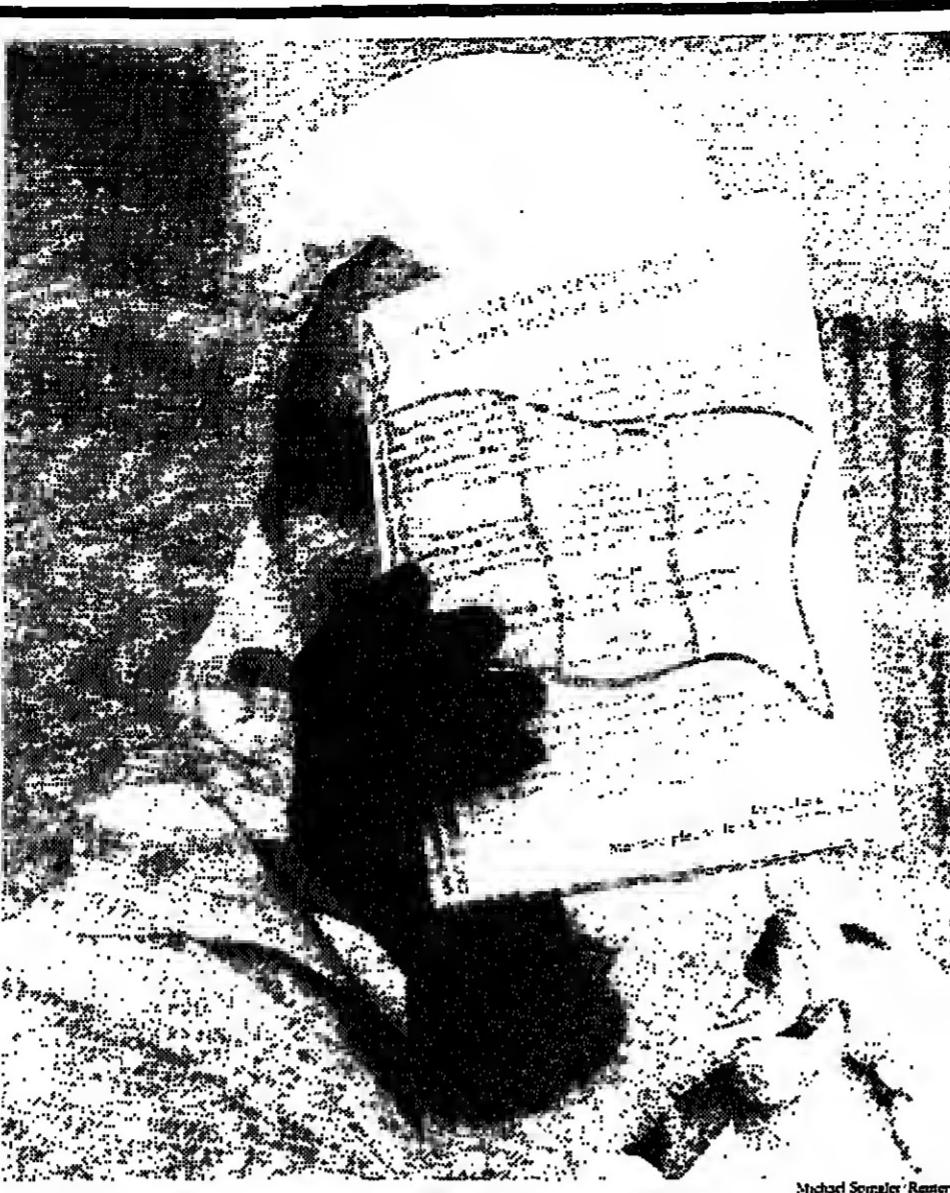
This has created tension, especially with the British Army's Lieutenant General Michael Rose, the commander of UN troops in Bosnia. General Rose said the treatment of Mr. Treverton was a mistake.

While many U.S. officials insist that the Bosnian Serbs should be fingered as the party mainly responsible for Bosnia's bloodshed and ethnic cleansing, the UN leadership here argues that it must treat all sides — Croats, Muslims and Serbs — equally. It was partly because Mr. Treverton only met with the mostly Muslim government in Sarajevo and not rebel Serbs that he was forced to ride a rail cart through the tunnel, Western officials said.

These officials say the UN policy is limiting the possibilities for an end of Bosnia's war as well as slowing the reconstruction of Sarajevo.

General Rose counters that the UN mission here is doing the best it can. He points to the feeding of an estimated 2.7 million people and the protection of more than 60,000 Muslims in eastern Bosnia.

— JOHN POMFRET



PROTEST AT FRENCH SCHOOL — A Muslim girl in Lille, France, holding a declaration of rights as she and others protested a ban on head scarves in class. About 20 pupils defied the ban. As hearings started on Monday night, nine were expelled.

Oil Tanker Is Held for Violating Iraq Ban

Reuters

KUWAIT — An oil tanker captain whose vessel was intercepted in the Gulf on suspicion of violating United Nations sanctions admitted Monday that he had loaded diesel fuel in Iraq for export in violation of the embargo.

Izzat Abdullatif Khalifa, master of the Al Mahrousa, said he had loaded 3,162 tons of diesel oil in the Iraqi port of Zubayr, and then sailed south, away from Iraq, into international waters.

Asked if he knew that he had broken the embargo, Mr. Izzat, an Egyptian, replied in English: "I knew all that, but what could I do at that time? All the people knew," he said, meaning that the crew was aware of the operation.

But he insisted that when he left Dubai on Oct. 11 at the beginning of the voyage he did not know that he would be ordered to go to Iraq. He said he was told by his charterer that he would be heading to the Iranian agent of Abadan.

But when he anchored in international waters in the northern Gulf on Oct. 14, he received new instructions from an Iraqi agent of his charterer.

He said the agent arrived at his vessel in a tug to deliver the orders.

Some crew members said the spot they anchored in the Gulf indicated a prior intention to go to Iraq.

A U.S. warship, part of a four-year-old ship monitoring operation, stopped the Honduran-flagged tanker in international waters in the northern Gulf on Saturday.

Balladur and Chirac Open Assaults

PARIS (Reuters) — Prime Minister Edouard Balladur made his first direct attack on his conservative presidential rival, Jacques Chirac, on Monday as both men took off the gloves in their undeclared bids to succeed Francois Mitterrand next year.

In an interview with the conservative daily *Le Figaro*, Mr. Balladur criticized Mr. Chirac, the mayor of Paris, for failing to speak out in defense of the franc when it was under attack in the currency markets last year. Earlier, Mr. Chirac had questioned a key tenet of French policy by saying the Maastricht treaty plan for European monetary union was "inapplicable."

"I think he shared my determination to stand firm" on the franc, Mr. Balladur said. "But he remained silent to avoid displeasing anyone in the RPR." Mr. Chirac is leader of the Rally for the Republic party. "For a long time, Jacques has been sheltering inside his party like a citadel. Is that really the spirit of the Fifth Republic?"

Kohl Works to Organize Coalition

BONN (AP) — Chancellor Helmut Kohl, his narrow majority in Parliament facing a legal challenge, began negotiations Monday with coalition partners over the guidelines for four more years in power.

Mr. Kohl's Christian Democrats and his allies, the Christian Social Union and the Free Democrats, together control 341 seats in the 672-seat Parliament, four more than the absolute majority. Divisions in the Free Democratic Party have created doubts about whether Mr. Kohl will get the 337 votes he needs to win re-election on the first vote in Parliament. The vote is expected Nov. 17.

If he fails to get the 337 votes in two votes, Mr. Kohl can be re-elected with a simple majority of the legislators. But that would be a poor start for his new term and could be a harbinger of his government's collapse.

TRAVEL UPDATE

Hot Sale for Channel Train Tickets

LONDON (Reuters) — A flood of calls to buy tickets on the state-of-the-art Eurostar Channel Tunnel train on Monday jammed phone lines and indicated that customers were ignoring the service's pair of public relations fiascos of last week.

Tickets went on sale at 7 A.M. on the British side at a central telephone booking office at Ashford in southern England, near the Channel site, and at the gleaming International Rail Terminal at London's Waterloo station two hours later.

A spokesman said the telephone system was unable to cope with the flood of calls and that many customers had been unable to get through. The high interest was encouraging news for Eurostar's operators after two public relations fiascos last week, when two trains broke down.

Northwest Airlines trimmed as much as 40 percent off the price of tickets purchased through Friday for travel in the continental United States, Alaska and Canada. The offer was matched on Monday by American Airlines, United, Continental, Trans World Airlines and USAir in markets where they compete with Northwest. The fares are good for travel Nov. 14 to Jan. 14 in the United States and Canada. Also, TWA said it would cut as much as 30 percent off ticket prices for flights from 15 U.S. cities to 10 European destinations through Tuesday. That offer, good for travel through March 15, was matched by United and Northwest. (Bloomberg)

Cholera has killed four Romanians and the number of confirmed cases in the country is now 78. Romanian health authorities said on Monday. (Reuters)

Strikes will hamper air travel in Italy this week. Air traffic controllers and customs officials struck Monday as part of a general strike by state employees. On Tuesday, pilots on Italian airlines will strike from 11:00 A.M. to 2:00 P.M. to protest the proposed merger of the state airline Alitalia SpA with its subsidiary ATL. Cabin crews will strike Wednesday. (Bloomberg)

Asia's biggest water park will open in Singapore later this year, with rides built around a fantasy structure recalling a lost Mayan city, officials said Monday. Fantasy Island, built at a cost of \$4 million Singapore dollars (\$36 million) on 71,000 square meters (76,000 square feet) of land, will have 13 water rides and 31 slides. (AFP)

Several roads around London's Heathrow Airport remained closed Monday after a tunnel for a new airport rail line collapsed, triggering two landslides. But the Heathrow Airport Authority said there was less congestion and disruption than over the weekend because road diversions around the airport were easing traffic problems. The collapsed tunnel is part of the new British Rail express link between Heathrow and Paddington Station in central London. (AP)

British Square Off Against U.S.

Policy Differences on Bosnia and Belfast Heat Tempers

By John Darnton

New York Times Service

LONDON — During a radio interview the other day, Kenneth Clarke, chancellor of the Exchequer, was asked about the new opposition leader, Tony Blair. He replied by calling him "Clintonesque," then went on to define the term.

"You know — here we are, aren't we fun, we're new, we're not saying very much, let's just have a change," he said.

The fact that the second-highest official in the British government had gone out of his way to take a swipe at President Bill Clinton — and didn't create much of a fuss in doing so — was one more indication of how low relations between the countries have sunk.

Not since the Suez crisis in 1956 have the two countries been at such odds for an extended period, diplomats on both sides of the ocean say.

Two main issues are causing the rift: Bosnia and Northern Ireland.

The Clinton administration faces pressure from Congress to exempt Bosnia's Muslim-led government from an arms embargo that applies to all the combatants there. Britain argues that this would worsen the conflict and subject the 3,300 British peacekeeping troops there to retaliation from the Bosnian Serbs.

In seeking tougher action against the Serbs, Washington has suggested that Lieutenant General Sir Michael Rose, the

As Frankfurt Opens New Air Terminal, Renovations Begin

By Brandon Mitchener

International Herald Tribune

FRANKFURT — No sooner had the first travelers passed the gates at Frankfurt Airport's new, 1.6-billion Deutsche mark Terminal 2 Monday morning than embarrassed airport officials began talking about the next stage of construction — to correct its mistakes.

"From the very beginning, it will be adapted, rearranged, modified and improved," said Wilhelm Bender, chairman of the airport's executive board, trying to put the best face on Frankfurt's challenge to London, where Heathrow and Gatwick airports are near saturation.

While passengers may well enjoy the beauty of Frankfurt's vast, han-

gar-inspired sculpture of glass, steel and marble, its critics call the \$1.1 billion Terminal 2 a costly, ostentatious tribute to a plane that might never exist.

Built to accommodate superjumbo jets seating 600 to 800 passengers, which are not expected to fly until the next century, if ever, the terminal has too few gates and too few check-in counters for the kind of planes most commonly used today.

Work is already under way to add at least three additional gates and 36 check-in stations, at a cost of another 60 million DM, to handle the 10 million passengers a year for whom the terminal was built.

Moreover, the airport authority, and Lufthansa, the German national

airline, which refused to move into the new terminal because it is un-equipped to handle its small, frequent flights, will need to spend another 600 million DM to renovate the old terminal.

"If we had it to do all over again, we would do it differently," admitted Johannes Endler, the airport operator's chief financial officer.

Nevertheless, the new terminal is regarded as an improvement to Europe's second busiest airport and one that sets standards in comfort and environmental impact that will be the envy of other European airports.

Among creature comforts, only 100 meters (330 feet) separate curb from gate and porters offer free assistance with bulky luggage, while a

"people mover" imported from the United States shuttles transfer passengers between the two terminals.

"I love it," said Elvira Heard, a German-American woman who checked her check-in Monday for a Delta Airlines flight to Atlanta at 11:00 A.M. "It's faster, cleaner and more efficient," said Mrs. Heard, who flies from Alabama to Frankfurt to visit relatives once every two years.

Delta, which regards Frankfurt its main European hub, is the new terminal's "anchor," with 28 dedicated check-in counters, three lounges and four of the eight available boarding gates.

Sixteen other foreign airlines, ranging from Air France to Qantas,

as well as one small German carrier, Deutsche BA, share the remaining gates and 68 check-in counters.

What passengers will not immediately see is an elaborate underground baggage transfer system between the two terminals and a rooftop rainwater collection system that supplies enough water to meet the terminal's sanitary facility needs. Two other airport staples passengers will not see, critics note, are a post office and banks, which balked at the terminal's high rent and percentage fees.

Many frequent travelers were also expected to complain about the continued need for low-tech bus shuttles between the terminal and airplanes, a result of a shortage of "fingers" along the building.

Conference Date:
Thursday, November 3, 1994
Hotel George V
75008 Paris
3:00 pm - 6:00 pm

For additional information,
please contact Mr. Thierry Courtaigne
at Club Europe Argentina
31, Avenue Pierre 1er de Serbie
75784 Paris Cedex 16
Tel: 40 69 44 32
Fax: 40 70 96 47

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Bahrain	El Salvador	195	172-1022	0800-1170
Bulgaria	France	9800-102-90	Military Bases	00-800-1171
Burkina Faso	Germany	197-00-18	Paraguay	00-800-1172
Burma	1-800-823-04-61	000-19-00-18	Peru	00-800-1173
Brazil	1-800-222-2222	010-19-00-18	(Outside of Lima, dial 190 first.) 000-1190	00-800-1174
Canada	1-800-888-8000	0130-0012	Poland	00-800-1175
Cayman Islands	(Limited availability in eastern Germany.) 1-800-624-1000	Lebanon	Portugal	00-800-1176
Colombia	Greece	00-800-1213	600-824	00-800-1177
Costa Rica	1-800-0318	1-800-624-0721	Puerto Rico	00-800-1178
Cyprus	Guatemala	1-800-624-1232	00-800-1254	United Arab Emirates
Czech Republic	1-800-900-0000	1-800-624-7000	00-800-1255	00-800-1179
Honduras	Hungary	00-800-674-7000	Qatar	00-800-1256
Iceland	Hungary	00-800-674-1011	00-800-1257	00-800-1221
India	Iceland	00-800-674-1111	00-800-1258	00-800-1222
Indonesia	India	00-800-674-1211	00-800-1259	00-800-1223
Iran	Indonesia	00-800-674-1311	00-800-1260	00-800-1224
Iraq	Iran	00-800-674-1411	00-800-1261	00-800-1225
Ireland	Iraq	00-800-674-1511	00-800-1262	00-800-1226
Italy	Ireland	00-800-674-1611	00-800-1263	00-800-1227
Jamaica	Italy	00-800-674-1711	00-800-1264	00-800-1228</td

THE AMERICAS / PENTAGON BATTLES

Air Force Plan Upsets Other Services

By Bradley Graham

Washington Post Service

WASHINGTON — Army, Navy and Marine Corps leaders are fuming over a blunt and unusually public campaign by the air force's chief of staff to tilt the various functions performed by the other military services.

But the initiative by General Merrill A. McPeak has helped frame a major new debate over

how to reduce overlapping roles and missions among the armed forces.

Keeping each of the services from playing a part in all phases of battle has been a concern inside and outside the Pentagon for several decades — although to little avail, as the services have developed redundant attack aircraft, air defenses, expeditionary ground forces, maintenance facilities, space

commands and other assets and activities.

An independent commission appointed by Congress has started studying how to streamline the armed forces.

Pentagon leaders had hoped to maintain at least the semblance of gentlemanly debate and respectful collaboration in sorting out their competing functions.

But General McPeak decided

to break ranks and commit what the other service chiefs regard as an outrageous violation of protocol: criticize as unnecessary some of the roles assigned to other services and the new weapons systems they have planned.

His plan would eliminate the need for long-range army artillery and army anti-missile defense systems, assigning primary responsibility in the areas of deep strike and anti-missile defense to the air force and the space.

General McPeak also would reduce the number of Marine Corps F/A-18 jet fighters, which he contends duplicate numerous other U.S. tactical aircraft; drop the Special Operations Command, which he regards as an extraneous "fifth service" that complicates command arrangements, and give primary responsibility for the military's space program to the air force, which has much of the business now anyway.

To show that his service is willing to give up some things, General McPeak has offered to cede to army attack helicopters and Marine Corps Harrier jets the task now assigned to air force A-10s and F-16s of providing close-air support to ground forces.

But army officers scoff at the gesture, given the other functions General McPeak has suggested be controlled by the air force.

Although the point of the discussion about roles and missions is to eliminate needless redundancies, the other services accuse General McPeak of refusing to be a team player and thinking only of what the air force has to gain by limiting what the other services do.

"It's ironic that at a time in which the Pentagon's emphasis has been on joint military operations, the air force's answer is to try to put up walls between itself and the others," said Major General Thomas Wilkerson, the Marine Corps' senior planner.

"Warfare is muddy, it ain't neat. You have to build a fairly adaptable force. What General McPeak is proposing, however, is a very inflexible, dogmatic arrangement whose primary virtue would be to allow the air force to do what it does best."

Thrown on the campaign trail Monday in Cleveland, Mr. Clinton mentioned several contingencies that might lead to such cuts, Reuters reported.

"You know," he said, referring to Republicans, "they have made a trillion dollars' worth of commitments to the American people — they've promised a

Clinton Claims Deficit Drop

CLEVELAND — President Bill Clinton, seeking to capture more credit for the economy's improvement, has announced that the federal budget deficit shrank in the last fiscal year by more than \$87 billion and predicted it would fall further in 1995.

"We're doing a good job right now in bringing the deficit down," the president said in a Cleveland radio interview during a campaign swing.

In Washington, Treasury Secretary Lloyd Bentsen said that the 1994 deficit, \$87 billion lower than the record \$290.4 billion in 1992, represented the "largest two-year drop in the deficit in U.S. history." The \$203 billion deficit was the lowest since the \$152.5 billion in 1989.

The Clinton administration is forecasting that the deficit in the current fiscal year, which began Oct. 1, will decline to \$167 billion.

"We've done it by cutting the size of government, by eliminating government programs, by cutting others while still being able to increase our investment in education and training and new technology," Mr. Clinton said. "And that's what I want to keep doing — managing this thing in a very disciplined way."

Senators Clear Kennedy

WASHINGTON — The Senate ethics committee has found "no basis" for allegations of sexual harassment and

POLITICAL NOTES

Clinton Claims Deficit Drop

drug use by Senator Edward M. Kennedy, dismissing accusations in a book by the senator's onetime top administrative assistant.

The committee, which never announced it had begun a low-level inquiry, wrote a statement Oct. 13 that it had ended the effort, but did not distribute the announcement to the media. The statement was made public on request.

The allegations against the Massachusetts Democrat were made by Richard Burke, a former Kennedy staffer, in a 1992 book about the senator.

"The committee interviewed Mr. Burke and others and found no basis for Mr. Burke's allegations," the committee said. "On that basis, the committee in June 1994 unanimously voted to take no further action."

(AP)

Republicans' Anti-Tax Star

NEW YORK — When the Republican Party wanted to upset a Democratic bash starring President Clinton the other night, they booked a rival extravaganza with their hottest new star — the fledgling governor of New Jersey, Christine Todd Whitman.

"Around the corner," hooted Senator Alfonse M. D'Amato of New York, "Mario Cuomo is having a gathering of his supporters, and their keynote speaker is Bill Clinton!" The overflow crowd exploded in boos and derisive laughter, as if trashing the villain in a silent movie.

"I'm proud to tell you that our keynote speaker is Christie Todd Whitman

man!" Ms. D'Amato exulted, drawing out the name for dramatic effect. The crowd went wild. "No clearer contrast" exists, he said, than the one between the two speakers.

Republican candidates from California to Maine are clamoring for Ms. Whitman, 47, who took office in January. They say she is proof that their message of lower taxes and less government sells, and is for real.

In the final weeks of her 1993 campaign, Ms. Whitman promised to cut taxes 30 percent in three years, and rose from a 20-point underdog to victory against Governor Jim Florio. Against Democratic warnings that the state would go bust, she has pushed half the cuts through the legislature to become the most popular first-year governor in modern New Jersey history. (WP)

Quote/Unquote

Governor Pete Wilson of California, on the opposition of two leading Republican conservatives, Jack F. Kemp and William J. Bennett, to Proposition 187, a ballot initiative that would require the state's schools, hospitals and other institutions to deny services to illegal immigrants: "Those are two guys who have been in Washington too long. Nice guys, but when you spend too much time in an ivory tower, you lose touch with reality. They ought to come out to California and look at the real world."

Away From Politics



Chris Mandia/The Associated Press

Residents of an area near Holiday Lakes, Texas, taking a break from mopping up. The southeastern section of the state was inundated by more than 20 inches of rain.

• Southeast Texas was putting the worst of recent flooding behind it as waters receded, clean-up crews made progress against a major oil spill and the Houston Ship Channel reopened to traffic. The waterway had been shut because of the spill in a nearby river and heavy flooding that had been blamed for at least 19 deaths. Rivers were returning to their banks across most of the region after southeastern Texas was inundated by more than 20 inches (50 centimeters) of rain, driving about 12,000 people from their homes.

• After three consecutive years of decline, the nation's social health is improving again but it's still not good, according to an annual report by social scientists at Fordham University in New York. Researchers reduced the nation's social health to a figure ranging from 0 to 100, As of 1992, the latest year for which

data were available, the index stood at 40.6. In 1970, the figure was 73.8.

• More than four years after Congress passed the Americans with Disabilities Act, the number of disabled people entering the work force has not significantly increased, say experts in the field and advocates for the disabled. The number of disabled people who have entered the work force has hardly changed, even as the number of disabled high school and college graduates has continued to increase, they say.

• The President's Advisory Committee on Human Radiation Experiments said the number of radiation experiments conducted by the government and the military from 1944 to 1974 was likely to be "in the thousands," many times more than previously believed.

Reuters, NYT

In TV Politics, Nobody's Safe

Commercial Twisting (of the Knife) Enlivens the Old Plots

By Robin Toner
New York Times Service

inherently good; many ads this fall portray an agrarian, small town or neighborhood ideal.

Looked at another way, this can also be seen as part of the long political tradition of pandering to the locals.

"For too long, they've been trying to force Washington's values on Maine," James B. Longley Jr., a Republican running in Maine for an open House seat, says in one ad. "I think we need Maine common sense in Washington."

EVIL IN WASHINGTON: While ad makers root their own candidates in the community, they try to tie their opponents to the aliens in Washington: national Democrats and national Republicans.

Democrats link Republicans to a recent ceremony on the Capitol steps in which about 300

Republican candidates signed the "Contract With America," a set of political promises put together by Republican leaders like Republicans Newt Gingrich of Georgia and Dick Armey of Texas. Democrats assert that the contract will mean either immense deficits or deep cuts in a variety of popular programs; the ceremony is becoming downright sinister-looking in Democratic commercials.

A television commercial for Sheila McGuire, a Democrat running in Iowa, for example, warns her opponent "promised his votes in Congress to the No. 1 enemy of family farms — Dick Armey." Mr. Armey, a longtime critic of farm programs, is shown on the Capitol steps, laughing like a nefarious banker of old as Republicans sign their mysterious contract.

Republicans, for their part, have discovered the "morph" — the ability in a commercial to electronically transform Democratic candidates into Mr. Clinton, the Republicans' symbol of Washington and its values.

Several Democrats are being "morphed" into a menacing, unsmiling Clinton this year: tall ones, short ones, young ones, old ones, even ones with mustaches, like Representative Bob Wise, Democrat of West Virginia. Back home with the voters, Mr. Wise signed during a recent interview and said, "I'm working hard to remind them, 'Hey, this is Bob. I grew up here.'

PERKS OF THE EMPIRE: If turning an opponent into Bill Clinton, Dick Armey or Newt Gingrich fails to work, a consultant can always supply a few translucent themes playing out within a disciplined structure. What follows is a guide to the season's oeuvre for House races.

IDEALIZED GRASS ROOTS: It is a given in politics these days that Washington is bad, the source of flawed values and wrong thinking. The flip side to this equation is that local values are

as well as ever, and that Deafness, D.A.s, share the same values and tax-cutting ideals.

What politicians and consultants believe next is that the electorate wants two different and contrasting versions of the same story: one that's strong-willed and determined, the other that's soft-spoken and

uncaring career politician, candidates are trying to show that they — unlike their blotted, uncaring opponents — have real feelings and real values.

All of this pleading and positioning is jammed into the confines of the 30-second television commercial, which will probably never be mistaken for a sonnet, but which has a few translucent themes playing out within a disciplined structure. What follows is a guide to the season's oeuvre for House races.

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International Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

A Frail Nuclear Deal

It could be the new millennium before we know the truth. The details of the nuclear deal with North Korea, signed on Friday, can now be inspected, and the doubters are starting to line up. The International Atomic Energy Agency, whose board meets this Tuesday, finds the agreement "troublous." Eyebrows have gone up in several European governments. Most South Koreans, in a recent poll, did not want a settlement on these lines. The fact is that President Bill Clinton has taken a gamble the outcome of which may not be known until 1999 or 2000 — which is a long time.

There are three reasons for concern. One is that the 8,000 plutonium-rich fuel rods that North Korea improperly removed from its Yongbyon reactor this year will stay inside North Korea, probably into the new century. The rods will be kept under international inspection, says the deal. But if in a year or two North Korea decides that the deal no longer suits its interests — if its nervous new regime thinks it needs more nuclear clout to survive, for instance — the inspectors can be ordered out (yet again), the plutonium extracted, and bang goes the deal.

If everything goes smoothly, North Korea will by early in the new century have exchanged its present bomb-friendly nuclear system for a relatively safe light-water system paid for by other countries. Fine, if it happens; but whether or not it happens is to an unfortunate extent up to North Korea. Better if it had been insisted that those 8,000 rods be removed from the country.

A sharper worry is that North Korea may already be on the way to having a nuclear armory. Once, before, around 1989, it improperly removed fuel rods from its Yongbyon reactor. The world's inspectors have found solid evidence in think it possesses more bomb-making plutonium than it has admitted. The conclusive evidence lies in two nuclear waste dumps that the North Koreans have

steadfastly refused to let the inspectors visit. These dumps have no apparent value to North Korea except to prolong the mystery. Yet under Friday's deal they may stay shut until around 1999. If the CIA knew for sure that North Korea did not have the means to turn the 1989 plutonium into usable nuclear weapons by 1999, this might be acceptable. But the CIA does not know that. The 1989 plutonium, it is said, would anyway be enough for only about a couple of bombs. That is irrelevant. The supposed purpose of the new agreement is to make North Korea a respectable member of the Nuclear Nonproliferation Treaty, that is, a country with no nuclear weapons. To say that two or three is as good as zero does not wash. A two-bomb North Korea, with its existing missile technology, would be a threat to Seoul, Hiroshima and Harbin.

Even now, what has just happened could in a wider way undermine the hope of nuclear stability. The other reason for concern about Friday's agreement is its possible effect on next year's attempt to renew the nonproliferation treaty. The countries which will next year be asked to renounce nuclear arms now know that you can claim to be a dutiful member of the treaty and yet (a) get money by threatening to break it, while (b) still keeping out some of those supposedly obligatory international inspectors. Will the world be able to trust a new treaty signed in those circumstances?

It may come right. All these concerns will vanish if Kim Jong Il really intends to make North Korea a different place from the monstrosity his father created; if he starts to open up its borders to trade and its politics to free speech; and if he rapidly makes it unmistakably clear that his country has no bomb-making program. But it is a long string of ifs. This agreement is a frail thread on which to hang the hope of avoiding a multi-nuclear world.

INTERNATIONAL HERALD TRIBUNE

Iraq Still in the Cold

The United States and Britain have told Saddam Hussein they will use force to halt any new Iraqi ground buildup in a 150-mile-deep zone adjoining Kuwait. Good. Internal tensions had kept the UN Security Council, in warning Iraq against a repetition of its recent war scare, from specifying the zone in which attack-capable units would be excluded. Washington and London got usefully concrete. Not less usefully, they made the further concrete point, against the same hesitation from Russia, France and others, that the Security Council's warning of "serious consequences" means "appropriate and decisive" force.

The United States looks at Iraq and sees first a strategic threat likely to continue as long as the dictator Saddam Hussein rules. Russia and France, while not blind to the threat, see first a market; they are ready to live with the Iraqi dictator. In fact, the American view is realistic and prudent, and the dominant pattern of Saddam Hussein's policy supports it.

The man could change (if North Korea could change, you have to say, who couldn't?), but he hasn't shown it yet. His enduring style is intimidation and duplicity. He showed the one by his latest move on Kuwait. He shows the other by his attempt to satisfy selected Security Council demands, not all of them, so as to play to Russian and French commercial interests and win escape from sanctions.

Between Washington and Paris, differ-

ences are old hat, and the diplomats are practiced in soothing them. But the connection between Washington and the new Moscow is still unsettled, and similar differences rattle the whole relationship.

In this instance, Americans, although aware of the internal nationalistic pressures in Moscow, were irritated to find Russia pushing its own softer line, Iraq then severely embarrassed its Russian friends by repudiating the side deal that the Russians thought they had made — an exchange of Iraqi recognition of Kuwait for a start on lifting sanctions.

That leaves Iraq in the cold. It has reinforced its standing as an outlaw state. It has wasted much of the credit that it reaped from meeting the United Nations' weapons-monitoring demands, and that it could otherwise have applied to peeling back sanctions.

There is a split on whether Iraq, to gain sanctions relief, should meet a short list (Russia, France) or a long list (America, Britain) of UN resolutions. On the short list, the leading item is recognition of Kuwait; on the long is an end to repression of Kurdish and Shiite minorities. But this split promises no early comfort to Saddam Hussein. Sanctions, with a humanitarian loophole that he has so far cruelly disdained, remain in place, and should remain in place, while Iraq remains a regional menace.

— THE WASHINGTON POST.

Learn How to Peacekeep

The Pentagon is learning from painful experience in Somalia and now in Haiti that it needs to improve its peacekeeping practices. In Somalia, U.S. troops faced deadly fire after siding against one of the feuding warlords. In Haiti, the Pentagon is rethinking its reliance on Haitian military and police to keep order.

Some of the problems are purely tactical, like training troops in the proper techniques for disarming potentially hostile groups in volatile environments. That is very different from drilling them for full-scale combat, when the use of deadly force is the rule, not the exception.

The deeper problem is rooted in the American strategy of peacekeeping. Army doctrine conceives of a continuum from monitoring a peace settlement already agreed to (peacekeeping) to compelling a settlement where there is none (peace enforcement). The army contends that the same troops can be trained to do both missions, exercising the utmost restraint in their use of force at one moment only to abandon restraint in the next. This approach is flawed. Instead of a continuum, there is a great divide.

Peace enforcement uses fully armed combat troops to force warring parties to

observe a cease-fire; in the process, they often take sides in the conflict. Peacekeeping, in contrast, requires the troops to remain impartial and rest on the consent of the warring parties and the populace.

The army's doctrine reflects traditional dislike of occupation and a strong preference for overwhelming force deployed aggressively. U.S. troops ended up in a deadly firefight in Somalia when they tried to coerce cooperation by disarming one warlord's militia by force, without exhausting peaceful means first. By comparison, Australian peacekeepers operating with more restraint and impartiality were notably more successful in pacifying Baidoa.

The U.S. Army seems to be learning from past mistakes. While Americans chafe at U.S. troops' restraint in the face of thuggish brutality in Haiti, the army deserves credit for trying to work with indigenous Haitian forces, no matter how difficult that is proving to be. Until other Haitians can be trained to take over, the U.S. Army will be forced into assuming greater control over disarming and policing the country. Now it needs to change its doctrine and train units for the sole purpose of peacekeeping.

— THE NEW YORK TIMES.

The UN Effort in Bosnia Was Wrong From the Start

By Anthony Lewis

NEW YORK — The United Nations has had peacekeeping forces in Bosnia for years now, but there is no peace. Bosnians are still being picked off by Serbian snipers. The Serbs are blocking relief convoys to besieged areas. They are still carrying out "ethnic cleansing."

What has gone wrong? The answer is that the UN operation was misconceived from the start. That is made compellingly clear by Professor Richard Betts of Columbia University in the new issue of the magazine Foreign Affairs. His article is must reading for everyone concerned about the unending tragedy in Bosnia.

When the Serbs led by the Yugoslav federal army, began their aggression in Bosnia, the West decided to intervene — but in a limited and impartial way. Instead of coming forcefully to the help of the victim, it called for a UN force that would treat victim and aggressor alike and try to protect civilians.

The strategy simply "abetted slow-motion savagery," Mr. Betts writes. The UN force protected convoys going to besieged towns, in effect breaking the Serbian sieges. But the United Nations maintained an arms embargo that prevented the Bosnian government from defending itself.

"The rationale was that evenhanded-

ness would encourage a negotiated settlement," Mr. Betts says. "The result was not peace or an end to the killing, but years of military stalemate, slow bleeding and delusional diplomatic haggling."

In one respect, the United Nations operation was worse than useless. The British and French soldiers in the force were effectively made hostages by the

Bosnian Serbs, who threatened to attack them if the outside world used meaningful force against them.

So NATO, having threatened to hit the Serbs from the air if they violated protected areas, has carried out only laughable pinprick raids instead of real attacks on major military targets.

The UN commander there, Sir Michael Rose, has become reluctant to approve even a pinprick:

"The traditional small UN peacekeep-

ing force, useful when parties to a conflict are ready to end it, is not useful when outsiders intervene to make peace in a conflict still raging."

Then, Mr. Betts argues, a modest outside force can be effective by helping one side enough to tilt the balance. Or outsiders can come impartially but massively, taking control of the situation. But feeble impartiality leads to grief.

Mr. Betts writes: "Intervention that proceeds as if the issues . . . can be settled by action toward the belligerents that is both evenhanded and weak in capability will more likely prevent peace than enforce it."

Mr. Betts, who directs the security policy program at Columbia's School of International and Public Affairs, advances a general theory, using Bosnia as the most important of several examples. But there is nothing theoretical about the situation that confronts Bosnia.

When the U.S. Congress pressed to lift the arms embargo on Bosnia, the objection was made that it was the wrong moment to do so. The Bosnian Serbs would immediately launch major attacks. UN forces would have to withdraw, and they would not be there to get food to besieged areas during the winter. The Bosnian government accepted that argu-

ment in agreeing to wait until next spring for a lifting of the embargo.

But in fact the UN forces are being severely hobbled by the Bosnian Serbs right now. As winter approaches, nowhere near enough food, medicine and cold-weather clothing is getting through to Sarajevo and other places.

Last week the Bosnian Serbs hijacked an entire convoy of medical supplies headed for Sarajevo. They have repeatedly cut the one operating relief road, and forced the closing of Sarajevo's airport. UN relief officials say the Serbs have blocked two-thirds of winter relief supplies.

Lieutenant General Rose has so far responded to this menacing situation by talking with Bosnian Serb leaders, in effect begging them to be nicer. That policy faithfully reflects the weakest, most pathetic British government of modern times. But for how long can it be countenanced by the United States?

President Bill Clinton is getting deserved credit these days for foreign policy achievements: in Haiti, Iraq, Korea and the Middle East. But he will have to take strong new action in Bosnia if further human disaster there this winter is not to put an indelible stain on his conscience, and America's.

The New York Times.

The World Still Doesn't Have an Effective Nonproliferation System

By Gerald Segal

LONDON — When the International Atomic Energy Agency meets in Vienna this Tuesday, it will be considering more than just last week's accord between North Korea and the United States. At stake is the future of the IAEA and the entire nonproliferation effort.

North Korea might oppose U.S. arms sales to South Korea or even further development of Japan's civil nuclear power program. Will anyone want to upset North Korea with such actions? And won't neighbors find it easier to accede to North Korean demands to change their policies?

As the process drags out, the world will continue to provide free oil to North Korea. Clearly Pyongyang has every incentive to take its time before it has to comply with the parts of the accord that require it to dismantle its nuclear program and allow IAEA special inspections.

As if this were not risky enough, the perils of the nuclear accord are also obvious when considering the global struggle against nuclear proliferation. North Korea has earned what *The Economist* aptly calls the "wages of deception."

The North Korean economy, and especially its energy grid, is far

from ready to accommodate modern Western-supplied nuclear power plants. The power grid will have to be expanded, no doubt also with Western finance and aid.

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The North Koreans have de-

monstrated that the United States and its allies are prepared to provide vast amounts of money to those who threaten to acquire nuclear weapons. It takes no great cynicism to suggest that the likes of Iran or even Ukraine will make similar demands.

The failure of the U.S.-North Korean accord to undo North Korea's apparent past proliferation will also show to others that the best way to get attention is to acquire at least a small clandestine nuclear arsenal. The United States has negotiated no mechanism for undoing North Korea's past proliferation. At best, the IAEA will be able to report that we know that such proliferation has taken place, but there is nothing that anyone will then be able to do about it. The revelation that there is a secret annex to the accord on this matter only adds to the worry about the deal.

The writer, a senior fellow at the International Institute for Strategic Studies, contributed this comment to the Herald Tribune.

Clinton as Concession Monger: A Syrian Deal After North Korea's?

By William Safire

dismiss as "low-yield," but capable of obliterating everything within a 1.2-kilometer radius — could menace Seoul and, in a few years, be deliverable in Tokyo.

That is enough of a mass-destruction threat to preclude a preemptive strike by the United States if North Korea, in the next U.S. president's administration, breaks its agreement to freeze additional bomb-making.

Well, let 'em have a couple, but see how they've promised to stop producing more plutonium: "the entire world will be safer," Mr. Clinton insists. In prep for that blackmail, the United States has agreed to supply the North with \$100 million worth of oil each year and arrange with allies to build — free — a \$4 billion light-water reactor that apologists claim would make it terribly difficult to produce weapons-grade plutonium, although experts disagree.

Because Mr. Clinton backed down, North Korea's first two atomic explosives — which administration spinmeisters now

But that substitute reactor will not be on-line for nine years. And the victorious North Korean negotiator, Kang Sok Ju, crows that a Clintonite in a burst of candor, "a war?" That explains it. Just as the credible threat of war by the United States forced out Haiti's junta and forced Saddam Hussein away from Kuwait, the threat of war by North Korea forced Bill Clinton to fold his hand.

But war was a false alternative. Another choice was sustained diplomatic pressure, economic sanctions, with benefits to the North only after verified performance. That Reagan-esque course was too hard for Mr. Clinton.

James Schlesinger, a former chairman of the Atomic Energy Commission and later Jimmy Carter's energy secretary, has this judgment: "While it was not an unconditional surrender, it was a negotiated surrender."

A Clinton visit is an honor long

sought by Mr. Assad, who spent 17 years undermining the Sadat-Begin initiative, who barbs Israel's Hezbollah in conquered Lebanon and who made Damascus the world capital of terrorism.

The reason for such substantial payment up front cannot be only to prop up political popularity, recalling Richard Nixon's save overseas tour after Watergate. No astute deal-maker would throw away the valuable card of a presidential visit. Mr. Clinton should have an equally dramatic return concession in hand that would speed a territorial compromise on the Golan.

But that is where his recent, unbound enthusiasm for the disappointing Korean negotiations is most worrisome. He has just proved that he can hypnotize himself into fervently believing that any deal at all, including one that puts his successor as president in a terrible box, is "a very good deal indeed."

The New York Times.

Imagine a Merger Between Japan and the United States: Jamerica

By Alvin and Heidi Toffler

This is the first of two articles.

TOKYO — In popular novels and movies today, some of America's best-selling authors are slashing and hashing Japan. Not long ago, Michael Crichton's "Rising Sun," starring Sean Connery as the nemesis of sinister Japanese businessmen, bit the world's movie screens and video stores. Now Tom Clancy's "Death of Honor" conjures up a fictional U.S.-Japanese war.

With what if we imagine not a war between the two great economic superpowers but a merger? What would the two countries and the rest of the world look like if, in fact, the United States and Japan chose to become a single superpower? That mythical country we call Jamerica.

Don't expect this merger to take place. Yet merely by imagining it one gains fresh insights into an economic and strategic relationship that affects virtually every country on earth.

Over the years, the world has watched trade hawks and nationalists in Washington and Tokyo lambaste one another. America for a time tried to drive down the value of the dollar vis-à-vis the yen in the futile hope of reducing its trade deficit. Currency protectionism, some called it. Recently, America tried to put the brakes on the plummeting greenback.

But what if now, with the yen and dollar approaching equivalence, the United States and Japan were to eliminate their separate currencies? Many Europeans favor a single European currency. Why not Japan and America?

In Jamerica, the yen and the dollar would marry and give birth to a new world currency, the yendo. Indeed, the near equivalence of the dollar and the yen could lay the basis for precisely the kind of financial integration that the Europeans have so far failed to achieve.

It would assure a smoother fu-

nction, perhaps a model for a pan-Pacific Parliament of the future.

But for Jamerica to work, changes in society, culture and the media would also be necessary.

As the United States builds the so-called national information infrastructure, it would necessarily be integrated with that of Japan, as suggested by Tsuneo Nakahara, vice chairman and deputy CEO of Sumitomo Electronics Industries Ltd.

Japan's media would change, too. Suddenly, instead of only 2 or 3 percent of Japanese homes having cable television, the chances are that 60 percent of Japanese homes would soon have 100 channels or more.

Home teleshopping would not be far behind, driving down the costs of everything from advertising

and distribution to packaging and ecological cleanup, and making obsolete the entire argument between Tokyo and Washington over the structure of retailing.

Job interview

OPINION

Business Should See Him For the True Friend He Is

By Hobart Rowen

WASHINGTON — The business community in the United States rarely knows when it has a good thing going. President John F. Kennedy found that out 32 years ago, and Bill Clinton is learning the same lesson today.

In the early 1960s, the business world misappreciated Mr. Kennedy, convinced that he was anti-business because he reacted bitterly when the U.S. Steel chairman, Roger Blough, in a grave tactical error, broke his promise not to raise steel prices, and other major companies followed.

"My father always told me that all businessmen were sons of bitches," an infuriated Mr. Kennedy told aides in the Oval Office. "But I never believed it until now." Aided by smaller companies that did not go along, and with a powerful display of presidential muscle, Mr. Kennedy forced Mr. Blough to back down.

The fight over steel prices left the business community with a bitter aftertaste, and none of Mr. Kennedy's overtures restored business confidence in his administration. Nonetheless, President Kennedy was essentially a fiscal conservative who instituted, over labor's objections, the first investment tax credit.

He leaned over backward to accommodate the conservative views of business leaders and bankers on the tax code, and the balance of payments, at the behest of his Republican treasury secretary, C. Douglas Dillon. Mr. Kennedy even sent a thinly disguised proposal for compulsory arbitration to the Congress in 1963 to head off a steel strike, and he warned the AFL-CIO boss, George Meany, not to push him for special favors.

But after the Blough incident, business never accepted Mr. Kennedy's assurance that he could be evenhanded (though it later warmed to such assurances from Lyndon Johnson, who carried out and extended many Kennedy initiatives).

It would be hard to match Mr. Clinton's series of overtures to business, starting with his commitment to an industrial policy to help make manufacturers more competitive; a dedication to reducing the budget deficit; and a "partnership" role to promote exports that has had the president and his commerce secretary acting as adjunct salesmen.

In a speech here Oct. 14, Treasury Undersecretary Lawrence H. Summers noted that after a period of competitive decline, "American firms are back... because they've rebuilt, leading the world in corporate renewal."

This resurgence was possible, Mr. Summers added, not only because of an innovative private sector, but because Mr. Clinton had laid a foundation for sustained economic growth: "This administration came into office committed to getting our domestic economic policies right. And I think it's important to say that we delivered on that commitment."

That may be a partisan analysis, but it happens to be correct.

Mr. Clinton has mostly been on business's side. They cheered him on when he strongly backed their view against that of labor and many environmentalists in support of the North American Free Trade Agreement and of GATT — even at the risk of disaffecting some of his most important allies in the Democratic leadership in Congress.

In the dispute with China over human rights, Mr. Clinton clearly was influenced by the business community's view that withholding most-favored-nation trade benefits would be counterproductive. In the end, though he had once threatened to end trade privileges if Beijing did not grant more liberal human rights, President Clinton listened to the business community.

Mr. Clinton has also appeared at rallies on the home grounds of major corporations, such as Boeing Co.; there, he stressed that he would be on the American company's side as it fought off European subsidies for the Airbus consortium. He has directed the Export-Import Bank to match loan subsidies offered by France and other competitors.

Many of these policies can be defended as beneficial for the United States, not just for business — although in my view, Mr. Clinton has allowed too cozy a tie to develop between the Commerce Department and big business.

But the point is that business has taken all of the favors — then soured on Mr. Clinton.

What is the source of business's new coolness toward Mr. Clinton? Many business leaders appear to be nursing a grudge based on the Clinton health care reform proposal, which they insist would have slapped a heavy cost burden on business.

Our concern is that the administration isn't sensitive to the market environment in which basic business decisions are made," the leader of one major business lobby told me.

Mr. Clinton could use a kind word or two, and nobody owes it to him more than America's business leaders, as they tote up their profits.

The Washington Post



LETTERS TO THE EDITOR

Categorized, Dehumanized

Regarding "A New Book on Genes and IQ Rings an Old Bell" by E. J. Dionne Jr. and "Merit Is Merit, and the Races Do Not Race" by William Safire (Opinion, Oct. 21):

Racism, in any form, is ugly, disheartening and disgraceful. It should not require either response or debate, but in this instance, I must say that enough is enough.

Your recent articles concerning

the book by Richard J. Bernstein and Charles Murray, "The Bell Curve," made me shudder. Their book is among a long list of works which seek to justify or minimize the plight of black Americans without recognizing the historical adversity under which they were born or the systematic degradations of their everyday lives. This dehumanizing debate is offensive to all black people who attempt to make some sense of their place in society, raise their families and live in dignity. These intellectual exercises, veiled as science or liberalism, are unproductive and wrought with pretense.

From the old plantations of the South to the new plantations we euphemistically call the inner city, can anyone honestly say that attitudes have changed? We are constantly subjected to statistics which seek to define us as intellectually inept, morally corrupt, unproductive, lazy and child-like. These quasi-intellectual attempts to categorize us serve only to dehumanize us even

more. Perhaps this is the point of these exercises?

It would be a challenge of historical significance if any of these writers were to submit to the slave quarters of the inner cities to partake in the intelligence tests of everyday life. We could all enjoy reading the study, going over the numbers, judging their character, challenging their humanity. Until this is done, numbers or opinions won't matter very much.

PAMELA DOVE,

Paris.

The Saudis' Real Problem

Regarding "Saddam Contain His Desperate Efforts to Intimidate" by Flora Lewis and "Lots of Big Problems Don't Have Military Solutions" by William Pfaff (Opinion, Oct. 14):

The article says that the recent "gaffe" by the U.S. treasury secretary, Lloyd Bentsen, cost "at least a billion dollars."

I hate to stick it to two of the Tribe's stars, William Pfaff and Flora Lewis, for both of whom I have the greatest possible respect. But the comments on Saudi Arabia in their respective op-ed pieces are miles off the mark and cannot be allowed to stand.

William Pfaff suggests that the problem for the Saudi royal family is its repression of "secular, liberal, hedonistic and materialistic values set loose in the country." Far from it, the main difficulty comes from a bunch of backward-looking bigots who use religion as a political weapon and would like to take Saudi Arabia back to the seventh century rather than forward to the 21st.

Flora Lewis is also off target with

Oe, the Man Who Talks to Trees

By Masao Miyoshi

weeks ago, Hikari completed his second CD of pieces for piano and flute. This recording, like his first one, promises to be a great success among music lovers of Japan.

A brief background: Anyone who has ever read him knows that Oe the writer is inseparable from Oe the father. His son Hikari, now 31, was born with severe brain damage and

MEANWHILE

remained mute until he was 6. Ever since Mr. Oe decided to bring him up as a normal human being, Hikari has been in every page of his work as in every minute of his life.

For Mr. Oe, speaking on his silent son's behalf — by turning him into an ever-present character as his double — has been his most important reason to write fiction. The son has been studying music for many years, and some time ago he began to compose, although his speech and movement have been limited. Only a few

weeks ago, Hikari completed his second CD of pieces for piano and flute. This recording, like his first one, promises to be a great success among music lovers of Japan.

As a writer, Mr. Oe has just finished the first draft of his huge trilogy, "Moegaku mukō no ki" ("A Green Tree in Flames"), named after the Yeats poem, which he finished on calling his last novel. As he tells it, now that Hikari can express sadness and happiness in his own full "voice," Mr. Oe's ventriloquist role is ending.

As Hikari gradually gains independence, Mr. Oe feels his presence receding from the pages of his narratives. The time has come for him to quit his fiction, as Mr. Oe describes it. As if to celebrate this moment of fulfillment, the English word "Rejoice!" concludes the first draft of the last part of his "last" work. This event — the completion of the novel and the public renunciation of fiction — occurred only weeks before the Nobel award was announced.

The award is also timely because Mr. Oe's recognition abroad will reawaken the Japanese readers who have lately been, though thoroughly respectful, neglecting Mr. Oe's intellectual and literary achievements. Mr. Oe is too difficult, they complain. Their fascination has been with vacuous manufacturers of disposable entertainment.

The malaise of Japan may be more critical. There has been little probing of contemporary Japan's cultural life. Neither new novelists nor social analysts are emerging who seriously question Japan's preoccupation with buying and selling, except among some women writers. By emphasizing Japan's homogeneity and proclaiming the "spirit of harmony," mainstream critics and scholars refrain from self-analysis.

Convinced of Japan's "uniqueness," commentators often fail to articulate Japan's position in the world.

The Japanese government curiously — shamefully — has yet to honor Mr. Oe in any form. The Education Ministry is hastily forming a committee, according to the Asahi newspaper, to consider the possibility of conferring the imperial Order of Culture on this "controversial" author, now honored by a Nobel. When a quiet inquiry was made, Mr. Oe firmly expressed his intent to decline the offer. The state-initiated Order of Culture was against his idea of democracy. Mr. Oe's decision may encourage those in Japan who are still grappling with life's big questions and the world's lasting problems.

Mr. Oe is a formidable scholar.

He reads Dante in Italian, Confu-

cius in Chinese, Faulkner in English, Rabelais and Sartre in French, the formalists in Russian and "The Tale of Genji" in the original. And he remembers everything.

Once, I was with him visiting a university rare-book collection. Vividly excited over the discovery of a rare facsimile edition of William Blake's long poem, "Jerusalem," he began to recite it from memory. I left him alone with an astonished librarian, and the recitation was still going when I returned. Of course, learning by itself does little good to anyone. Mr. Oe, however, never leaves knowledge distant from the opinions he forms and actions he takes in thought and in his everyday life. He is a thoroughly engaged man, regularly speaking up for Japan's minorities and protesting the country's political system.

There are few translations into English and other Western languages of this remarkably prolific writer. His language and style are said to be complex and difficult, nearly untranslatable. Those who do read him will find his mythological cycle not just sober and speculative, but saturated with cosmic laughter and grotesque humor.

Many of his short stories are as funny as they are accessible. There is no reason why there can't be many more translations of his works. There are indeed very few writers now in the world who can compare with him in candid description, complex ideas, bold imagery and a probing sense of history and justice.

Mr. Oe has long had the habit of spending hours literally talking to trees. When he visits a new place, for example, he often walks along in the woods and groves, stopping to gaze from time to time and bending down to pick up a fallen leaf and guessing the tree's identity, origin and history. He can cite the names of almost all the trees in the world in Japanese, English and Latin. Mr. Oe calls trees his friends. I wonder if this prize will place him among the men and women of Asia and other parts of the world outside Japan so that the world may know him as closely as Mr. Oe knows it.

The writer is Hojime Mori Professor of Literature at the University of California, San Diego. He contributed this comment to the Los Angeles Times.

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Aristide Picks Businessman as Prime Minister

By Tod Robberson
Washington Post Service

POR-AU-PRINCE, Haiti — President Jean-Bertrand Aristide reportedly informed Parliament on Monday that he had selected a former commerce minister, Smaïc Michel, as his new prime minister, effectively ending a long period of international angst about the political direction his newly restored government would take.

Sources close to Mr. Michel said that his selection was aimed at appeasing the nation's powerful business elite, which generally opposed the U.S. military intervention that led to Father Aristide's return from exile on Oct. 15.

Father Aristide's ability to build bridges to the business community is seen as crucial to stimulating badly needed employment and reviving an economy wracked by successive international commercial embargoes imposed against Haiti since the 1991 military coup that had forced him into exile.

The appointment of Mr. Michel had been cited by several knowledgeable sources as a crucial step in winning support from foreign investors and attaining badly needed international funding for development. Urban unemployment

in Haiti currently hovers around 70 percent, while nearly two-thirds of the country lacks potable water.

At least two U.S.-trained economic experts — Leslie Delatour, a former World Bank economist, and Leslie Voltaire, a former education minister — had threatened not to participate in key government posts if Mr. Michel were not named prime minister, political sources said.

Mr. Michel, 57, a political moderate who is a gasoline retailer and owner of a rice-importing business, has not publicly confirmed his acceptance of the prime minister's job, nor has Father Aristide made an official announcement of his appointment. But an aide to Mr. Michel said that he had formally accepted the post and had sent a letter to parliamentary leaders informing them of his plans.

"The whole country knows him, and all the sectors believe in him," the aide said. She acknowledged, however, that the job ahead would be difficult. "He will be obliged to build the country anew."

A prominent businessman who attended a lunch with Mr. Michel on Monday quoted him as saying he would confirm the appointment publicly on

Tuesday. A Port-au-Prince radio station, quoting reliable parliamentary sources, said that the speaker of the Chamber of Deputies, Robert Monde, would convene a house session Tuesday to begin confirmation hearings.

Both chambers of Parliament must confirm Mr. Michel's appointment before he can assume the post from the caretaker prime minister, Robert Malval.

Diplomats said Mr. Malval had been the Clinton administration's first choice to lead Father Aristide's cabinet into an uncertain era of national reconciliation and reconstruction. Mr. Malval, however, rejected U.S. pressure to withdraw a resignation tendered to Father Aristide in December 1993 during a public dispute with the then-exiled president.

A Michel associate said that Mr. Michel had originally rejected the president's offer to head up the government, saying he was "saving himself the aggravation of working with Aristide." Mr. Michel served only 60 days as commerce minister in Father Aristide's first cabinet, in 1991, before quitting. He reportedly had a number of disputes with other cabinet members.

Although Mr. Michel was a political

sponsor of Father Aristide's 1990 bid for the presidency and a friend of the president for 12 years, he reportedly had grown frustrated with the populist president's tendency to make snap decisions, often based on the counsel of friends.

Several prominent businessmen cited this tendency in opposing Father Aristide's return to power. One industrialist said the president needed a prime minister who would "serve as a brake" and "be willing to stand up to him."

Maintaining a clear line of authority was a key condition by Mr. Michel for his acceptance, a political source said.

After Mr. Michel's initial rejection of the post, Father Aristide floated the idea of naming Foreign Minister Claudette Werleigh, a close personal friend of the president who was rejected by the business elite as a radical.

Diplomats said the Clinton administration also had made clear to the Aristide that it disapproved of that choice.

The historian Georges Michel, who is not related to Smaïc Michel, said that despite the U.S. denials, a widespread perception persists in Haiti that Washington had dictated its choice of prime minister to Father Aristide.



Thierry Belcier - Agence France Presse

Mr. Michel at a Port-au-Prince travel agency Monday in which he has a business interest.

U.S. Tries to Bolster Africa Peacekeeping

By Howard W. French
New York Times Service

MZUZU, Malawi — With concern growing over possible violence in neighboring Mozambique, a senior American delegation visited this newly democratic country as part of a five-nation African tour aimed at improving peacekeeping.

Officials said the mission, led by Deputy Secretary of State Strobe Talbott, was a departure for U.S. diplomacy in Africa, where Washington has decided to increase military cooperation with the growing number of countries that have switched to multiparty democracy after decades of dictatorships.

The effort, which aims at providing training, logistical, financial and intelligence aid to the newly democratic countries, intends to encourage efforts to contain conflicts in neighboring states. Officials say such conflicts threaten peace and economic development throughout the continent.

"There is no shortage of African countries willing to take part in peacekeeping efforts," Mr. Talbott said in an interview. "But they also come for-

ward to us and say, 'We are developing countries, we have the World Bank and IMF looking over our shoulders, and we don't have the capacity to do it by ourselves.'

Mr. Talbott said that after civil wars in Somalia and Rwanda, where the United Nations sponsored peacekeeping and the United States provided airlift and other logistical support, Washington was studying the idea of providing C-137 transports to a regional organization of southern African countries to help them respond rapidly to crises.

In addition to talks with political leaders in Zimbabwe and Malawi, Mr. Talbott addressed groups of soldiers and officers, telling them that "as a result of the UN's being overburdened, the international community is in danger of not being able to respond quickly enough to new crises when they occur."

After visiting Malawi, Mr. Talbott's delegation will stop briefly in Zaire before going to Ghana and Ivory Coast.

Ghana, which is head of the West African Economic Community, has played a lead role in mediation efforts in Liberia.

U.S. Group Proposes a Loan To Help Rwanda Diplomats

New York Times Service

UNITED NATIONS, New York — To help ease a financial crisis at Rwanda's diplomatic missions in the United States, the relief group AmeriCares is planning to lend the Rwandans \$200,000 free of interest for six months.

The loan will be given "to the people of Rwanda" to be used in any way the government chooses, said Stephen M. Johnson, the president of AmeriCares, a nonprofit group based in New Canaan, Connecticut.

Joseph Mutaboba, Rwanda's chargé d'affaires in Washington, said he hoped the novel approach to relief would become more widely used, adding: "We need the kind of money to buy a computer, a fax, a printer, some paper. You see the kind of needs we have. If we lose our mission electricity and have no fax working, I cannot even contact my government. We need the kind of help that will get the machinery going."

The plight of Rwandan diplomats in the United States came to light last week when the police in New York announced that Rwanda's acting foreign minister, Jean-Marie Ndagijimana, was missing, along with \$187,000 in cash he was supposed to have given to Rwandan diplomats here and in Washington to pay Rwanda's bills. Mr. Ndagijimana appears to have gone to France, but he has not been seen and there has been no news of the money.

Zimbabwe and Malawi have been among the most active African countries in peacekeeping efforts on the continent, playing significant roles in Somalia and Rwan-

da. But their deepest immediate concern is over the potential for renewed strife in Mozambique, where national elections will be held on Thursday and Friday. It is hoped that the vote will seal the end of 20 years of civil war.

But their deepest immediate concern is over the potential for renewed strife in Mozambique, where national elections will be held on Thursday and Friday. It is hoped that the vote will seal the end of 20 years of civil war.

'Super Rice' Is Heralded for 21st Century

By Keith Schneider
New York Times Service

After five years of work, plant scientists from the International Rice Research Institute in the Philippines say they have developed a new type of rice that will increase harvests 20 to 25 percent.

After the new variety is commercially available, probably in five years, it will eventually yield enough to feed 500 million more people than current rice yields, said Ken S. Fischer, the institute's director of research.

The world's population, now estimated at 5.5 billion, is expected to reach 8.3 billion by 2025, according to the World Bank.

But an American rice breeder cautioned that the results were preliminary and that it would be years before the new plant would be introduced widely and accepted by farmers.

The announcement of the development of a new high-yielding rice plant was made Sunday at an international agricultural research meeting at the World Bank, in Washington.

Lester R. Brown, president of the Worldwatch Institute, in Washington, and an authority on grain production, said that in the next 35 years the demand for rice in Asia would double as

the population soared. During the same period, though, the amount of land devoted to growing rice is likely to shrink considerably, he said.

From 1990 to 1994, he said, the area cultivated for rice in China decreased 2 percent as paddies were drained for new factories and other buildings.

"The thing to keep in mind is that as acreage declined 2 percent, yields only increased 2 percent," said Mr. Brown. "So you have a wash in China. Production has been unchanged for the last four years. That is why any advance in yields of 20 to 25 percent is so exciting."

Mr. Brown also is the senior author of "Full House: Reassessing the Earth's Population Carrying Capacity."

Several American plant breeders were more cautious, however.

"There may be a little bit of hype associated with this," said Kent McKenzie, a plant breeder with the Rice Experiment Station, a farmer-supported research center, in Biggs, California.

"It's a huge yield increase, but there are all kinds of ways to get those statistics," he added. "I would be a little guarded in my evaluation of that increase."

The new variety was developed by a team headed by Gurdev S. Khush, a plant breeder who has helped produce more than 300 varieties of rice during his 27-year career at the International Rice Research Center in Los Baños, about 70 kilometers (45 miles) southeast of Manila. Mr. Khush joined computer technology with classical plant breeding and designed an entirely new kind of rice plant, Mr. Fischer said.

Rice is a willowy, graceful plant, almost like a bouquet of long grasses. Most modern rice plants have roughly 25 stems, called tillers. Only about 15 of the tillers produce the seed-bearing flowers, known as panicles, and the number of rice grains in each panicle is generally about 100.

Mr. Khush's team studied rice plants on computers. The team determined that the best way to produce more grain was to direct most of the plant's energy to developing panicles by reducing the energy devoted to producing tillers. Mr. Khush searched the international center's collection of rice and selected plants that had fewer tillers, more grains in their panicles and stronger roots.

He crossed the varieties and stabilized the traits he wanted

to keep. Last spring, enough seeds were available to test the new plant, called "super rice" by the research center, in small plots. Mr. Fischer said the tests were a success.

The new variety has about eight tillers, each of which produces a panicle that is filled with almost 200 grains.

The increased yield is a result of being able to put more of the new plants on the same amount of land.

Mr. Fischer said it would probably take five more years for Mr. Khush's team to breed into the new variety other valuable commercial traits like natural defenses against diseases and insects.

Iranian Shiite Leader Improving in Hospital

The Associated Press

NICOSIA — The 100-year-old religious leader of Iran's Shiite Muslims was in better health Monday after being hospitalized with a fever, Tehran radio reported.

Grand Ayatollah Mohammed Ali Araki, who was taken to a Tehran hospital Sunday from his home south of the capital, was in "satisfactory" condition, according to the radio.

Herald Tribune

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Rollo May, U.S. Psychologist, Dies at 85

By Eric Pace
New York Times Service

Dr. Rollo May, 85, an innovative American psychologist and psychotherapist who was widely known through his writings, died Saturday at his home in Tiburon, California.

The cause was congestive heart failure. He had been in declining health for two years, said Nancy Ramsey, a friend.

Dr. May, who grew up in Michigan, had a doctorate in clinical psychology from Columbia University and received psychoanalytic training early in his career. He wrote several books that became highly influential in the world of psychotherapy and in the culture beyond it.

In his writings, Dr. May emphasized people's desire for self-fulfillment and the positive aspects of humanity's potential. His admirers said he was skilled at making psychological and philosophical concepts accessible to lay people.

Dr. May's best-known books included "Love and Will" and "The Courage to Create" which posed the question: "Shall we seize the courage necessary to preserve our sensitivity, awareness and responsibility in the face of radical change?"

When it appeared at the end of the turbulent 1960s, "Love

and Will" was described as containing an argument for the fashioning of values appropriate to people's biological, historical and individual selves.

Dr. May was one of the first, and among the most influential, thinkers in the field of psychotherapy to be influenced by the European existentialists. In the 1950s, he was also one of the first thinkers in the field of psychotherapy to formulate a view of human nature that was not based on Freudian principles.

One of his main insights was a conviction that much of human behavior is motivated by a profound, underlying sense of anxiety, which he felt it was important to address in psychotherapy.

He was also one of the originators of the movement known as humanistic psychology and was a co-founder of the Association for Humanistic Psychology. The movement blossomed in the 1960s and provided the intellectual platform for the human potential movement, which also bloomed in that decade. Both movements remain influential today.

William Leonard, Reporter And CBS News President

WASHINGTON (WP) — William Leonard, 76, the CBS News president who chose Dan

Rather to succeed Walter Cronkite as anchor of "CBS Evening News" and put "Sunday Morning" on the air, died Sunday in Laurel, Maryland, after a stroke.

Mr. Leonard joined CBS in 1945 and, after a highly successful career as an on-air host in radio and then television, he became a full-time correspondent for the network in 1959.

He later produced, reported and narrated a number of "CBS Reports," and for a number of years supervised political coverage at the division. In 1965 he was named a vice president and moved into top management.

On his watch, "60 Minutes" was invented and, in 1962, helped create the first voter projections for a national election.

Jerome Wiesner, MIT Head And a Top Kennedy Adviser

NEW YORK (NYT) — Jerome B. Wiesner, 79, the influential science adviser to President John F. Kennedy who went on to be president of the Massachusetts Institute of Technology for nine years, died Friday in Watertown, Massachusetts, after an unspecified illness that lasted several months.

Mr. Wiesner worked with Mr. Kennedy in the 1960 campaign then took the adviser's post, with the title of special assistant to the president for science and technology, in February 1961. He stepped down in 1964, early in the Johnson administration.

Francis Steegmuller, 88, Translator of Flaubert

NEW YORK (NYT) — Francis Steegmuller, 88, the American novelist, biographer and translator whose works on Gustave Flaubert illuminated the agonies and thrills of creating fiction, died of heart failure Thursday in Naples, where he had a home with his wife, the writer Shirley Hazzard.

Mr. Steegmuller was a prodigious writer, whose output also included highly admired biographies of Jean Cocteau, Isadora Duncan and Guy de Maupassant.

His 1957 translation of "Madame Bovary," some scholars say, remains unsurpassed. He also wrote mysteries under the pen name David Keith.

Peter O. Murphy, 46, a former deputy United States trade representative who was the

chief American negotiator of the U.S.-Canada Free Trade Agreement in 1988, died of a brain tumor Thursday in Chevy Chase, Maryland.

George Gay Jr., 77, a World War II aviator who became an American hero as the only member of his squadron to survive an attack on Japanese warships during the battle of Midway on June 4, 1942, died of a heart attack Friday in Atlanta.

Rabbi Shlomo Carlebach, 69, the foremost songwriter in contemporary Judaism, died of a heart attack Thursday in New York. Rabbi Carlebach put the words of Jewish prayer and ceremony to music that is heard at virtually every Jewish wedding and bar mitzvah.

Yasser Arafat, leader of the Palestine Liberation Organization, referred last week to Hamas' "suppor from outside parties," an apparent reference to Iran.

"Hamas people have said themselves that they have received support from Iran," Martin Kramer, associate director of the Moshe Dayan Center at Tel Aviv University, said in an interview.

He noted comments by PLO officials last year saying they believed Hamas had received \$20 million to \$30 million from Iran. And he quoted a Hamas official as saying last year, in Tehran, that Iran's backing for the group could not be compared to the billions the PLO is getting.

Other support for Hamas, Mr. Kramer said, comes from individual backers of the Palestinian cause in general and from wealthy Gulf Arabs in particular.

Saudi Arabia and Egypt's Muslim Brotherhood also reportedly provide money for Hamas' social services in Gaza.

Mr. Christopher's speech broke no new ground on U.S.-Syrian relations, but the secretary re-emphasized the need for quickening the pace of Syrian-Israeli talks aimed at a peace treaty between those nations.

"In my view, the time is fast approaching when some very difficult decisions must be made," he said.

If talks are to succeed, he added, "then the deliberate pace of the current negotiations must give way to a broader approach."

Mr. Clinton is scheduled to visit Damascus this week, but White House officials were calling it "an investment in peace" rather than a moment to extract fresh concessions from the Syrian leader.

MIDEAST: Christopher Urges Wide Effort to Cut Funding for Terrorists

Continued from Page 1

get of a new crackdown by the Israeli Army in the Gaza Strip.

While U.S. officials have not revealed specific evidence of financial ties between the Tehran government and Hamas, saying most of it is classified intelligence material, they do cite a pattern of active "moral support."

According to a U.S. counterterrorism official, Iranian government officials have repeatedly expressed their solidarity with groups seeking to undermine the Middle East peace process and have specifically allied themselves with Hamas.

In April, the Iranian foreign minister, Ali Akbar Velayati, told an American journalist that Iran was supporting Hamas but denied the help was of a military nature.

He said Iran would continue to offer political and "emotional" support for groups opposed to peace treaties with Israel.

Yasser Arafat, leader of the Palestine Liberation Organization, referred last week to Hamas' "suppor from outside parties," an apparent reference to Iran.

"Hamas people have said themselves that they have received support from Iran," Martin Kramer, associate director of the Moshe Dayan Center at Tel Aviv University, said in an interview.

He noted comments by PLO officials last year saying they believed Hamas had received \$20 million to \$30 million from Iran. And he quoted a Hamas official as saying last year, in Tehran, that Iran's backing for the group could not be compared to the billions the PLO is getting.

Other support for Hamas, Mr. Kramer said, comes from individual backers of the Palestinian cause in general and from wealthy Gulf Arabs in particular.

Saudi Arabia and Egypt's Muslim Brotherhood also reportedly provide money for Hamas' social services in Gaza.

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EAST: Why Leaders of the Revolts Tumbled From the Heights of Power

Continued from Page 1

identifying with those former fighters because it sees them as a kind of reproach."

Second, many of the dissidents lacked the skills required by the transition. Men who as punishment had washed windows for 20 years suddenly found themselves in charge of ministries. Jiri Dienstbier, for instance, went from stoking coal to running Czechoslovakia's Foreign Ministry in a week.

Other factors pushed voters away from the dissidents. As the authors of the first, radical economic reforms to replace socialism with capitalism, the dissidents and their political parties bore the inevitable political backlash against the bitter cost of change: layoffs, price increases and the emergence of wide social inequities.

Faced, however, with what a Polish writer, Adam Michnik, recently called a "Velvet Restoration" of communism, a debate is raging among the revolutionaries.

Did they surrender power too easily to the ex-Communists in Poland, Hungary, Bulgaria, Romania and, earlier this month, Slovakia? Should more have been done to purge Communists and informers from the ranks of the elite and prevent them from moving effortlessly back into the halls of power?

The rise to power of the dissidents in 1989 and 1990 was one of the most dramatic changes in the late 20th century.

Parties led by longtime opponents of Communist rule came to power through free elections in Poland, Hungary and what was then Czechoslovakia, and non-Communist political parties appeared for the first time since World War II in Romania and Bulgaria.

But partly because of a desire for a stable transition and partly because many of the dissidents believed they were fighting a system that appeared almost immutable, many compromises were made with the ex-Communists. The Communist hu-

man. This was the same Mr. Jaruzelski who had launched a martial law crackdown against Solidarity in 1981, jailing hundreds of activists.

After elections in June 1989, Mr. Jaruzelski appointed Tadeusz Mazowiecki, a prominent Catholic intellectual and Solidarity adviser, to lead the Polish government. Instead of dismantling the Communist apparatus that controlled each ministry, Mr. Mazowiecki spent the next year working to avoid a purge of Communist Party members, calling on Poles to draw a "thick line" between the Communist past and the present. Dissident leaders in Czechoslovakia and Hungary, who took power after elections in 1990, followed his lead.

So while the Communists circled their wagons and licked their wounds, the dissidents began hickering.

In Poland, Lech Walesa, the electrician turned dissident leader, challenged and beat Mr. Mazowiecki in the 1990 presidential race. Solidarity, Eastern Europe's first independent labor union, ruptured.

Feuds infected dissident political parties in Hungary, Czechoslovakia, Romania and Bulgaria as well. With the daunting task of economic reconstruction before them, many parties turned to populism as an easy way to attract voters. Some parties, such as those in Hungary, Romania, Bulgaria and Slovakia, pitched policies tinged with right-wing nationalism and anti-Semitism. Others pushed an agenda more akin to those in the liberal West.

Against this brawling backdrop, huge changes erupted on the streets of Eastern Europe. Factories closed by the dozens, and a few people got rich.

Eventually, a rising tide of dissatisfaction and ambivalence about the changes swept non-Communist parties from power. Poland became the first of the advanced East European countries to succumb: In September 1993, a coalition of ex-Communists and a peasant party closely allied to the old regime won a majority in Parliament. This pattern repeated itself in Hungary last summer and in Slovakia at the start of this month.

Significantly, the ex-Communists who power in Poland and Hungary have not stopped the reforms. Both parties have transformed themselves into social democratic parties since 1989 and support capitalism and democracy.

The ex-Communists who have taken power in Bulgaria and Romania, and most recently in Slovakia, however, are of another bent. Bulgaria's president, Zhelyu Zhelev, one of the few remaining non-Communists in the government, has become so exasperated with the failure of the reforms in his country that he routinely calls for an "economic dictator" to push Bulgaria into the future.

Romania's problems are only slightly less severe, and Slovakia recently has given an ex-Communist-turned-populist, Vladimir Meciar, a chance to execute his campaign pledge to dismantle privatization.

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Style

International Herald Tribune
Tuesday, October 25, 1994
Page 9

Indonesia Puts New Emphasis On Rights

ANITA — President Suharto has decided to make human rights a priority issue, according to his spokesman, who said the decision was made after a recent meeting between the Indonesian president and the UN High Commissioner for Human Rights.

Human rights activists, whom were excluded from the talks, were disappointed by the decision.

Adrian Harvey, head of the leading human rights organization, said: "The decision appears to draw a line in the sand when it comes to human rights issues." But there were some concerns.

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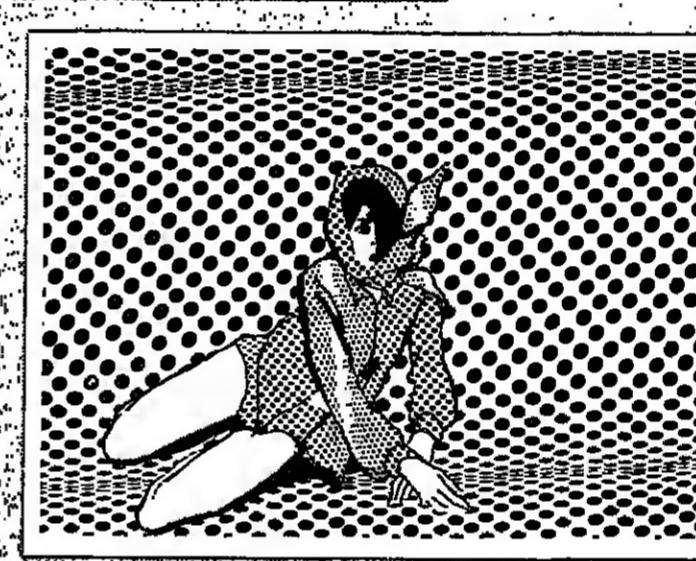
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The Power of the Pencil

Antonio's Exuberant Work Captured Three Decades

By Suzy Menkes
International Herald Tribune

**U.S. Teachers
Singapore Post
After Question**

PARIS — Vroom! Off they go — blonde hair flying, one girl holding the motorcycle handlebars, the other clutching the pillar, miniskirts riding high above clenched thighs.

How did Antonio Lopez manage to convey in one fashion drawing the joyful, innocent, free-wheeling sexual freedom of the 1960s? Not to mention the clothes: the striped skinny-rib sweaters with fragile shoulders and brief skirts over hot pants?

Antonio, as he was known, did not just capture at pencil point the era of his own youth. In the 1970s, the doe-eyed models in Pop Art settings became women in a more complex world, where military uniforms suggested death and danger or where the background became a whirl of psychedelic color. By the time of his death in 1987 at age 44, Antonio had already

captured the essence of the androgynous 1980s — all-powerful profiles of couples with identikit fleshly lips, sleek hair and tritby hats.

"Antonio captured the time or anticipated it — the most important things are not the clothes, but the depiction of the times," says Paloma Picasso, a friend of the late artist and the sponsor of his work at the Musée de la Mode et du Textile, in the Palais du Louvre (until Feb. 26).

The power to move an onlooker emotionally is usually reserved for great artists, not those, like Antonio, who were basically commercial graphic artists. Yet his most profound work — figures in surreal Pop Art settings or Amazonian women in athletic stances — was done in collaboration with fashion editors, especially at The New York Times Magazine in the 1960s and with the Italian Anna Piaggi at the short-lived Vanity magazine in the 1980s.

"He was a child of Pop Art —

but he was not a painter who illustrated fashion, but an artist whose mode of expression was fashion illustration," says Katell le Bourhis, the exhibition's curator and author of the accompanying book, in conjunction with Antonio's partner, Juan Eugenio Ramos.

Antonio, Puerto Rican-born and brought up in Spanish Harlem, studied at New York's Fashion Institute of Technology in 1961, where he met Ramos. After working for Women's Wear Daily and The New York Times, he was discovered by French Elle magazine and moved to Paris in 1970, where he became part of fashion's arty milieu. On their return to New York in 1975, they became involved in the Andy Warhol-Studio 54 scene, "inspired fashion as much as it inspired him," as le Bourhis puts it. Wearing athletic clothes before they became 1980s style, proved that Antonio was a fashion catalyst.

More than you might think. For the shows that closed the French spring/summer season were about the real world, where the pantsuit and the dress became the pivotal items of the modern wardrobe. For Céline, that meant pantsuits or dresses with jackets — practical ways of career dressing and a neat way of showing off purse and travel bag accessories. At night, before Dupond leaped center stage, pants were dressed up with gauzy shirts, or dresses came long and slinky.

Although she always claims that she is not the role model for her line, it is impossible not to see de la Fressange herself in what she showed: sleek pantsuits with bat brims curling upwards, or an artist's smock of a shirt with a floppy bow at the neck. Without making fashion forays into the future, the show had a quirky freshness, with its use of white piqué, gingham, poplin and sweet sugared almond colors. In the current mood were those pastels and the use of shiny fabrics like glazed linen and satin. The basic look was dressed up with flashes of wit, including a daisy-petal hat, matelot shorts and a T-shirt with a baby's bottle proclaiming the designer's new status as mother of a baby daughter.

In the earlier years, references were sometimes specifically artistic: an Op Art background to a 1966 illustration for The New York Times Magazine, when a woman in a brief mini dress with flying scarf seems to be dragged in a jet stream of dots.

The role of Ramos was to conceptualize the context and to envisage the figures in the appropriate landscape. Antonio focused on character and move-

ment, so that his models seemed to be recognizable people. Sometimes they were, Paloma Picasso describes posing for Antonio for "three full nights working all night" while Antonio detailed "every feature of my face and body" for a series of drawings of underwear in British Vogue in 1972.

Picasso and her husband, Raphael Lopez Cambil, remember Antonio as an Op Art master of the 1960s. When he was discovered by French Elle magazine and moved to Paris in 1970, where he became part of fashion's arty milieu. On their return to New York in 1975, they became involved in the Andy Warhol-Studio 54 scene, "inspired fashion as much as it inspired him," as le Bourhis puts it. Wearing athletic clothes before they became 1980s style, proved that Antonio was a fashion catalyst.

Antonio's drawings do more than illuminate his life and times. The exhibition also shows him a keeper of the flame of fashion illustration in an era when photography has been the overriding visual medium. The tradition was kept alive in the 1940s and 1950s by the decorative drawings of Christian Berard and René Gruau's stylized illustrations in haute couture's heyday. But it was further back in the early part of the century when Paul Iribe and Georges Lepape put fashionable figures into a precise context.

"At that time, the ideal woman of fashion was the prisoner of an elitist situation — the garden, the theater, the opera — it was artificial," says le Bourhis. "Antonio captured the life and style of youth and of the street."

Significantly, Antonio seemed to bring a much energy and imagination to advertising commissions, like work for Missoni in the early 1980s, he did to the avant-garde Vanity at the same period. So here was a punk-haired Missoni-clad figure clutching a bust of herself like a severed head; and there surreal Vanity drawings in which a woman artist is stabbing her paintbrush through a canvas to spear the torso of a naked male.

On November 7th, the IHT plans to publish a Sponsored Section on

Air Travel

Among the topics to be covered are:

- Competition for routes and passengers.
- A report on new aircraft models being put into production.
- Airport expansion and development.
- Current options in today's fare wars.
- An analysis of air rights on major world routes.

This supplement will benefit from special distribution at the American Society of Travel Agents (ASTA) annual meeting and International trade show in Lisbon. For further information, please contact Bill Maher in Paris at (33-1) 46 37 93 78, fax (33-1) 46 37 50 44.

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NASDAQ

Monday's 4 p.m.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High/Low Stock	Div	Yld	PE	S ₂		High	Low	Latest Ct'd
				100s	100s			
A								
18% 6 AAON	-	-	-	17	27	13	125%	123%
22% 13 ABC Rail	-	-	-	28	324	13	212%	217%
20 14% ABT Bid	-	-	-	12	124	14%	152%	152%
28% 13% ACFC Co	.12 d	-	-	12	231	10%	9%	10%
25 31% ACFG TC	-	-	-	27	179	37	35%	35%
47% 15% ADAC	-	-	-	34	1574	44%	442%	284%
20% 15% Adelphi	-	-	-	1	224	11%	19%	19%
17% 10% AES Chri	-	-	-	14	261	21%	19%	19%
23% 15% AESCSa	.681	33	-	14	2892	20%	21%	22%
33% 19% AK Steel	-	-	-	14	356	21%	20%	20%
11% 15% APS Hld	-	-	-	9	4529	12%	11%	11%
33% 10% AST	-	-	-	30	725	19%	79	79%
22% 14% ATB Corp/H	-	-	-	18	621	11%	7%	7%
20% 14% ATC-Art	-	-	-	32	261	18%	18%	18%
29% 12% Acument	-	-	-	18	261	18%	18%	18%
27% 14% ActisMet	-	-	-	9	789	20%	20%	20%
14% 7% Aclara	-	-	-	22	2752	8%	7%	8%
24% 15% AcadVic	-	-	-	22	154	21%	20%	21%
29 18% Academ	-	-	-	22	754	20%	28	28
22% 14% Adams-C	-	-	-	17	12389	22%	21%	21%
26% 10% Adolph H	-	-	-	18	449	11%	11%	11%
20% 10% Adovgy	.16	-	-	18	23	25%	25%	25%
20% 19% AdovgySy	.28	-	-	37	261	18%	18%	18%
25% 20% Adovgy	.16	-	-	18	261	18%	18%	18%
7% 9% Adovgy	-	-	-	22	233	20%	20%	20%
17% 12% Ady/Tlb	-	-	-	18	181	14%	15%	15%
11% 6% ADT Tiss	-	-	-	15	2497	6%	6%	6%
46% 26% Advtama	.20	-	-	15	1370	20%	20%	20%
20% 25% Adventis	.26	-	-	11	886	25%	24%	24%
21% 17% AmCmns	.100	-	-	17	59	815	13%	13%
16% 10% AmCmns	-	-	-	17	100	13%	10%	10%
20% 16% AmCmns	.34	-	-	17	364	22%	22%	22%
63% 45% AmCp	1.74e	29	-	17	472	13%	59%	59%
21% 9% Alteon	-	-	-	18	316	13%	12%	12%
28% 10% Altonik	.40	18	-	17	612	7%	22%	22%
19% 11% Altonik S	-	-	-	17	1171	12%	12%	12%
28% 23% Alx-Bsd	.88	-	-	17	1867	24%	24%	24%
23% 81% Alx-Bsd	-	-	-	17	35	24%	24%	24%
7% 7% AlmngPh	-	-	-	17	465	21%	7%	7%
52% 22% AlmngPh	-	-	-	17	188	21%	22%	22%
21 22% Alliegece	.40	-	-	25	261	21%	29	29
33% 17% AlmngPh	-	-	-	18	180	10%	9%	9%
30% 21% Allerg	-	-	-	25	4910	37%	36%	37%
51% 16% AllergResc	-	-	-	25	251	21%	20%	20%
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AMEX

Monday's Closing
Tables include the nationwide prices up to
the closing on Wall Street and do not reflect
state trades elsewhere. Via The Associated Press

INTERNATIONAL HERALD TRIBUNE, TUESDAY, OCTOBER 25, 1994

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low ranges and dividends are shown for the new stock only. Unless otherwise noted, ratios of dividends are annual disbursements based on the latest declaration.

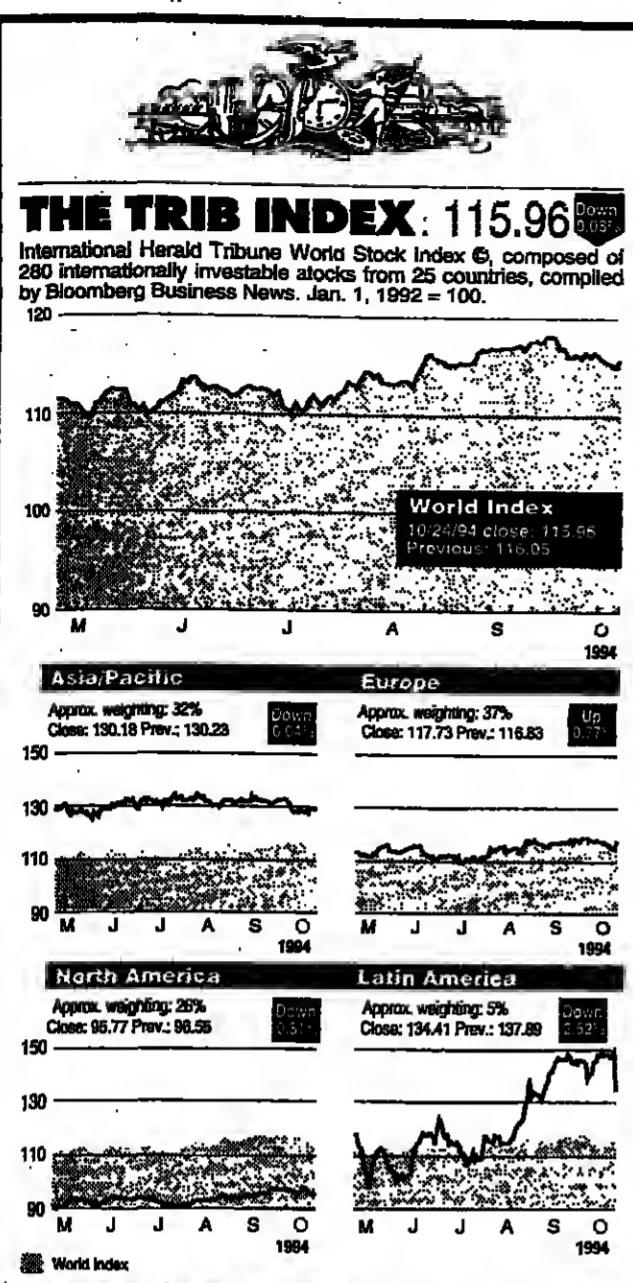
- a—dividend plus extra(s).
- b—annual ratio of dividend plus stock dividend.
- c—floatating dividend.
- cd—collected.
- d—new yearly low.
- e—dividend declared or paid in preceding 12 months.
- f—dividend in Canadian funds, subject to 15% non-residence tax.
- g—dividend declared after split-up or stock dividend.
- h—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
- i—dividend declared or paid this year, an accumulative issue with dividends in arrears.
- j—dividend issue in the past 52 weeks. The high-low range begins with the start of trading.
- nd—next day delivery.
- P/E—price-earnings ratio.
- r—dividend declared or paid in preceding 12 months, plus stock dividend.
- s—stock split. Dividend begins with date of split.
- ss—sales.
- t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
- u—new yearly high.
- v—trading halted.
- v1—in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
- wd—when distributed.
- wf—when issued.
- ww—with warrants.
- x—ex-dividend or ex-rights.
- xdts—ex-distribution.
- xw—without warrants.
- y—ex-dividend and sales in full.
- yld—yield.
- z—sales in full.



BUSINESS

International Herald Tribune, Tuesday, October 25, 1994

Page 13



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Amsterdam, Australia, Austria, Belgium, Brazil, Canada, Chile, France, Germany, Hong Kong, Italy, Mexico, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland and Venezuela. For Tokyo, New York and London, the index is composed of the top 20 issues in terms of market capitalization, otherwise the top 50 stocks are tracked.

Industrial Sectors	Mon. Close	Prev. Close	% Change	Mon. Close	Prev. Close	% Change
Energy	114.12	114.06	+0.05	117.05	117.35	-0.22
Utilities	125.67	126.52	-0.67	137.22	136.35	+0.64
Finance	117.09	117.02	+0.06	104.45	104.89	-0.33
Services	118.54	118.97	-0.36	125.12	124.40	+0.58

For more information about the index, a booklet is available free of charge. Write to TRIB Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

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IBM and GM: Diverging Fates?

Computer Giant Cruises While Automaker Stalls

By Steve Lohr and James Bennett
New York Times Service

NEW YORK — It seemed like two of the world's most troubled companies had finally got it right. In what looked like historic turnaround, General Motors Corp. and International Business Machines Corp. were bouncing back from disastrous losses and just about everybody — from customers to investors — was cheering.

But last week, the cheering turned to frightened silence at GM when it reported a profit worldwide but a worrying loss at its crucial auto business in North America despite soaring sales.

The disappointing loss, GM's first in nine months, prompted selling on Wall Street and doubt throughout corporate America and dozens of GM factory towns as to whether the renaissance of the world's largest industrial company was actually on track.

Only minutes before the GM report, IBM announced its financial results. But the picture at the big computer maker was much brighter: Profit and sales were surprisingly strong, and Wall Street was pleased.

After rallying last week, IBM stock finished Monday at \$73.00, down from \$74.625. GM closed at \$40.75, down from \$41.25.

The recovery of both companies has been scrutinized around the world not only because of their economic reach — they directly employ more than 880,000 people in scores of cities around the world — but also because for generations they have been beacons of American

ingenuity and industrial might. IBM is the leading patent holder in the world; GM leads an industry that accounts for one in eight jobs in America.

GM's setback last week suggested a divergence of fates for the two companies. But experts say GM's problems may actually serve as a cautionary lesson for IBM. It also illustrates the trials of reshaping a giant company after years of mismanagement in an economy whose direction has been difficult to predict.

Both IBM and GM, despite its slippage last week, seem to be making steady progress in their recovery drives, industry analysts say. But both have benefited from a pickup in the economy, and both must hurry to get in shape before the market turns sour.

For GM, the timing is more closely linked to the general level of economic activity, and the next downturn in the auto business is expected in 1996. IBM, for its part, must rush to find new growth as its traditional business in big mainframe computers erodes.

"The jury is still out on both IBM and GM," said Michael Hammer, a management consultant in Cambridge, Massachusetts.

To design, make and market Chevrolets and computers are very different undertakings. But there are some striking similarities in the fundamental changes under way at both companies.

Both GM and IBM squeezed out their chief executives. The new leaders are tackling issues of cost-cutting, business strategy and corporate culture. At IBM headquarters in Armonk, New York, top executives hope to avoid mistakes, but

"Six months or nine months from now, IBM could be facing the same kind of hiccup that GM is today," said Noel Tichy, a professor at the University of Michigan business school. "Trying to transform these big corporations really making a fundamental change in the way they do things, is very difficult."

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See DIVERGENCE, Page 15

EU Abandons Bid to Revamp Steel Industry

By Tom Buerkle
International Herald Tribune

BRUSSELS — The European Commission has decided to abandon its restructuring plan for the steel industry because the economic recovery has made private producers unwilling to cut capacity further, officials said Monday.

The decision will bring to an end the commission's most ambitious attempt ever to cushion the downsizing of a major industry with a package of aid, import restrictions and official sanction for collusion between private steelmakers.

Competition Commissioner Karel van Miert and Industry Commissioner Martin Bangemann, who have been seeking to reduce overall European steel capacity by 19 million tons, or roughly 15 percent, have agreed to recommend that the European Union's executive agency give up its efforts, spokesman for the two officials said.

After an agreement by senior aides Monday, the full commission was expected to back the decision Tuesday, officials said. EU industry ministers, who threatened last month to abandon the plan unless industry offered more capacity cuts by next week, were expected to formally declare the plan dead at a meeting Nov. 8 in Brussels.

"We gave industry a deadline of Nov. 8," a commission spokesman said. "As there hasn't been a sufficient reduction, let's drop the accompanying measures," as the commission calls its aid package.

The commission contends a recent recovery in steel prices in large part reflects expectations that its plan would succeed and that failure would condemn the industry to an even deeper crisis the next time that the economy turns down.

Cuts of around 11 million

tons have been made or pledged so far, half by private industry and half by public steelmakers in Germany, Italy and Spain.

■ EU Approves EKO Aid

The European Commission will approve a privatization plan for Eastern Germany's troubled steel group EKO Stahl GmbH that will include subsidies of around 890 million Deutsche marks (\$597 million), the German government said Monday, according to a Reuters dispatch from Bonn.

The Economics Ministry said a deal had been reached with Brussels on how to implement the takeover of EKO by the Belgian steel group Cockerill-Sambre SA.

Brussels Opens The Phone Lines

International Herald Tribune

BRUSSELS — The European Commission was expected to propose allowing limited telecommunications competition in cable television operators and utilities beginning next year, and competing telephone networks beginning in 1998, officials said Monday.

The proposal to allow competition in telecommunications networks, and not just service, is regarded as essential to Europe's ability to cut costs and build the basis for an information superhighway.

"Liberalization should be speeded up," said one commission official.

The proposal by Competition Commissioner Karel van Miert and Industry Commissioner Martin Bangemann was expected to be approved when the commission meets Tuesday.

Italy Likely to Approve Bank Nominee

Compiled by Our Staff From Dispatches

ROME — Prime Minister Silvio Berlusconi said Monday that he would not block the Bank of Italy's nomination of Vincenzo Desario as director-general.

The battle of wills between the government and central bank over the naming of a deputy governor has dragged on for five months, with the cabinet pressing for an external candidate and the Bank of Italy wanting an in-house appointment.

Last week the bank's superior council brushed aside government objections and unilaterally chose Mr. Desario, already one of the bank's two deputy director-generals, for the post.

The cabinet, which must confirm the bank's choice, then postponed any decision, saying it needed more time. The fresh delay prompted a threat to strike from central bank workers.

"We realize it would be negative for the country if there were a conflict between the government and Bank of Italy," Mr. Berlusconi said in a weekly interview with state radio RAI.

Many analysts had feared that if the government got its way over the appointment, this could open the way for more political interference in the bank, which by law is empowered to set interest-rate and monetary policy independently.

The post of director-general became vacant in May when Lamberto Dini left to become Treasury minister.

"We have nothing against Desario," Mr. Berlusconi said. "But we had suggested the appointment of an external candidate, which in the past produced excellent results."

Relations between the government and the Bank of Italy soured this summer when the central bank unexpectedly raised interest rates and informed ministers only afterward.

(Reuters, Bloomberg, Knight-Ridder)

Thinking Ahead / Commentary

Now the Foreign Tide Laps at Japan

By Reginald Dale
International Herald Tribune

WASHINGTON — As immigration becomes an ever more explosive issue in the industrial nations, one country seems to be bucking the trend. Japan still looks like an island of ethnic homogeneity in a melting-pot world.

But Japan's cherished insularity may not last much longer, according to a study by Takashi Oka just published by the Carnegie Endowment in Washington.

Japan's desire to preserve its ethnic homogeneity is about to clash with growing economic needs as labor shortages worsen, particularly in job areas that don't appeal to Japanese. Foreign workers, both legal and illegal, are already a small but growing presence.

The extent to which Japan turns to immigrant labor will say a lot about the country's future attitude to the outside world. The Japanese, Mr. Oka says, view the issue as an integral part of the larger historical argument over how open a country Japan should be, dating back to the mid-19th century.

Japan's labor shortage has been masked by the recession, but the problem will soon reappear as economic recovery gathers pace. With the population aging rapidly, the Japanese labor force is already growing much more slowly than it did in the 1980s.

By 2000, according to one estimate, there will be a shortage of 1 million workers. If present trends continue, the population will start declining in 2010.

Japan's cherished insularity may not last for much longer.

women and retraining the elderly) or simply to turn entire labor market segments over to foreign workers."

Some Japanese are even heretically questioning the whole concept of ethnic purity, often claimed as a principal fact behind the country's economic success. "We should grasp this opportunity to change Japan into a multicultural, multiracial society," says Hiroshi Koma of Tsukuba University.

Since the number of foreign workers is still relatively small and they are not taking desirable jobs from many Japanese citizens, the controversy is really over their future effect on Japanese society, Mr. Oka says.

As yet there is no anti-foreigner political movement in Japan like those that have swept across parts of Europe, although the rightist fringe has taken to shouting anti-foreigner slogans. Foreigners represent barely 1 percent of the population.

The argument is between those who would hold the "barbarians" outside the gate at all costs and those who believe Japan must open its doors, at least to a limited degree, by relaxing draconian laws barring foreign unskilled workers.

Those who want to keep the doors closed argue that Japan was right not to follow Germany's example and recruit foreign "guest workers" when labor became scarce in the 1970s. That forced Japanese manufacturers to automate, rationalize and innovate.

Today, they say, a new round of technical innovation is required. Companies complaining of labor shortages should innovate, merge, move overseas or go out of business.

Advocates of the do-it-yourself-in-school, says Mr. Oka, are in varying states of panic over the thought that the foreign inflow is already lapping at the country's edges.

But, says Gary R. Saxonhouse of the University of Michigan, Japan is never going to be as open to immigrants as the United States or the European Union. Most companies in serious need of labor will simply move abroad.

"Globalization is the watchword in today's Japan," Mr. Saxonhouse says. But that could in turn affect the immigration debate. Japan may have to ask itself whether it can fulfill its global leadership ambitions without to some extent globalization its own society.

THE IHT/DELTA AIR LINES DESTINATIONS COMPETITION

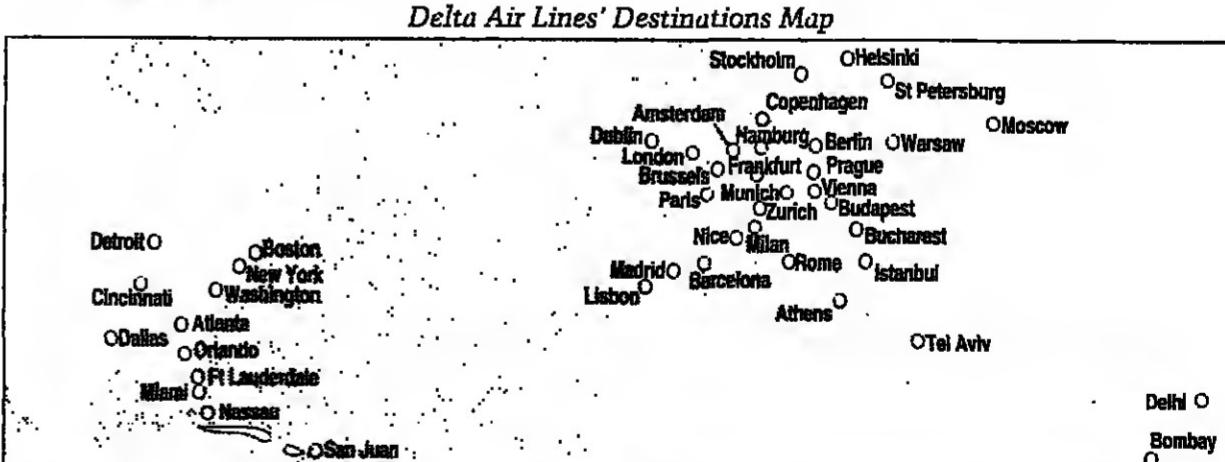
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Delta Air Lines' Destinations Map



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- ⑤ Entries will not be accepted from staff and families of the IHT newspaper, Delta Air Lines, their agents and subsidiaries.
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- ⑨ On all matters, the editor's decision is final.
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Denmark, krone 1.253
Finland, mark 1.253
France, franc 1.253
Germany, mark

MARKET DIARY

Fears of Rate Rises Overwhelm Stocks

Compiled by Our Staff From Dispatches
NEW YORK — Stocks slid Monday, pressured by the slump in the bond market as concern about rising interest rates overwhelmed better-than-expected earnings.

"There's continual anxiety about how much higher we are going on rates," said Ronald Doran, head of institutional equities trading at C.L. King & Associates Inc. As rates rise,

U.S. Stocks

more investors are expected to seek the safer returns of fixed-income investments.

The Dow Jones Industrial Average closed 36.00 points lower, at 3,855.30.

Five shares declined for every four that advanced on the New York Stock Exchange, where trading was active at 286.1 million shares.

The losses in bonds were fueled by a falling dollar and concern about accelerating inflation. The benchmark 30-year Treasury bond rose to 8.04 percent from 7.98 percent Friday.

Aluminum Co. of America, which lost 2% to 86¢, Eastman Kodak, which fell 1% to 48, and International Paper, which declined 1% to 77½, led the decline in the Dow.

Among the most actively traded issues, Airborne Freight plummeted 6% to 19%, after the company said third-quarter earnings fell more than expected. Federal Express also fell, ending down 1¾, at 61½.

Black & Decker ended up ¾ at 23¾, after the company reported higher-than-expected earnings.

General Nutrition jumped 2½, to 26½, after the vitamin retailer was raised to a "buy" by an analyst at PaineWebber.

Exxon closed down ¾, at 59½, despite higher earnings.

Snapple slipped ¼, to 14 3/16, after an analyst reportedly predicted the *iced-tea* maker's stock would fall in six months.

Philip Morris added ½, to 61½, after the tobacco and food giant's shares were said to be undervalued relative to their rates of return.

Westinghouse Electric closed ¾ higher, at 14.

U.S. Healthcare gained 1½ to 46½, after the company said earnings were higher than expected.

Pfizer ended up 1, at 74 ¾, after the biotechnology company said its drug Enablex significantly slowed the progression of rheumatoid arthritis.

(Bloomberg, Reuters, AP)

Dollar Dragged Down By Wall Street Slump

Compiled by Our Staff From Dispatches

NEW YORK — The dollar weakened against other major currencies Monday as concern about rising inflation rates drove U.S. stock and bond prices lower.

Treasury bond prices fell, pulling the dollar lower, after

Foreign Exchange

Laura D'Andrea Tyson, head of the president's Council of Economic Advisors, said the economy had been growing at a robust 4 percent during the past year.

The dollar finished trading in New York at 1.4913 Deutsche marks, down from 1,500.03 DM on Friday, and at 97.150 yen, down from 97.235 yen. The dollar fell to 5.1153 French francs from 5.1390 francs and to 1,2428 Swiss francs from 1,2490 francs. The pound strengthened to \$1.6260.

Normally, signs of strong economic growth bolster the

dollar by prompting speculation that the Federal Reserve Board will raise interest rates to control inflation, making U.S. deposits more attractive.

But this year, signs of strength in the U.S. economy have hurt stocks, bonds and the dollar because of investors' concern that the Fed has not raised interest rates enough to prevent a resurgence of inflation.

The belief that the U.S. central bank is not prepared to intervene to support its currency also weighed on the dollar, traders said.

Remarks by Treasury Secretary Lloyd Bentsen last week were interpreted as meaning the government was ruling out intervention to lift the dollar, but Mr. Bentsen clarified his stance later to say the United States was still prepared to defend its currency.

Nonetheless, traders now appear convinced intervention is unlikely unless the dollar eases a free fall.

(Bloomberg, AP)

By Lawrence Malkin
International Herald Tribune

NEW YORK — Another one of the big buyouts of the 1980s cleaned up its balance sheet Monday when TLC Beatrice International Food, which runs France's Leader Price discount stores, announced a seven-year loan of 545 million French francs (\$107 million) from a syndicate run by Banque Paribas.

The company, which operates in Europe and is the largest black-owned business in the United States, was created in 1987

when Reginald Lewis raised \$900 million to buy out Beatrice Foods. The company is now the leading distributor of dry groceries to supermarkets in the Paris area and manufactures and markets ice cream and potato chips elsewhere in Europe.

Its debt was reduced to \$159 million as of Sept. 30 from the sale of subsidiaries and internal cash flow, and much of this was consolidated in the new medium-term loan. A further 100 million francs in subordinated debt is being taken on by First Britannia, a European investment fund.

Mr. Lewis died early in 1993. After a period of internal corporate turmoil, his widow, Loida, became chairman early this year. Capitalizing on the rapid growth of Leader Price stores from three units to 163 in four years, Mrs. Lewis, a lawyer, reorganized the company.

The third-quarter earnings of the privately held company will be released at the end of the week, and a company spokesman, without providing details, said, "They're good; they've gone up."

WORLD STOCK MARKETS

Agency France Presse Oct. 24

Close Prev.**Close Prev.****Amsterdam****Close Prev.****Berlin****Close Prev.****Buenos Aires****Close Prev.****Brussels****Close Prev.****Copenhagen****Close Prev.****Frankfurt****Close Prev.****Helsinki****Close Prev.****Hong Kong****Close Prev.****London****Close Prev.****Madrid****Close Prev.****Johannesburg****Close Prev.****Kuala Lumpur****Close Prev.****Montreal****Close Prev.****Stock Exchange Index: 1944.63****Close Prev.****Stock Exchange Index: 1944.63**

Iberia's Chief Says Firm Faces Bankruptcy

Compiled by Our Staff From Dispatches

MADRID — Iberia Lines said Monday it would be bankrupt by March 1995 if it failed to strike a deal with workers on implementing a radical cost-cutting plan to curb huge losses.

"Bear in mind that during the first quarter of 1995, we will make a loss; by March we will be bankrupt," Juan Saez, the managing director, told the Spanish press.

The airline, which had a 1993 loss of 69 billion pesetas (\$555 million), is trying to get workers to agree to average wage cuts of 15 percent as part of a restructuring plan.

The Confederación Sindical de Comisiones Obreras y Unión General de Trabajadores, which are representing the airline's workers, said they were ready to accept average wage cuts of 7 percent to 8 percent, a UGT official was quoted as saying.

The official said those wage cuts would save Iberia about 10 billion pesetas. He added that the unions were also ready to accept a wage freeze for 1995 and 1996 that would save the company an additional 15 billion pesetas.

Unions have threatened to strike next month if the company does not pay 12 billion pesetas it owes in back pay.

"If we do not reach agreement with the workers, it will be essential to implement a traumatic rescue plan," which could in-

clude asset sales, Mr. Saez said.

As part of its restructuring plan, the state-owned carrier is also seeking job cuts of more than 2,000 from its work force of about 24,000, union sources said this month.

The sources said Iberia expected losses of about 44 billion pesetas this year. (Bloomberg, Reuters, AFP, AP)

French Airlines Protest

Five small French airlines attacked the French government for protecting the state-owned airline, Air France, which is in severe financial trouble. Agence France-Presse reported from Paris.

The airlines — Air Outre Mer SA, Air Liberte, TAT European Airlines SA EAS and Air Atlantique — have formed a committee for the defense of French air transport.

Michel Marchais, the president of TAT, said: "We are also part of French air transport. It is not just Air France. We exist, and this must be known."

He was speaking a few days before routes between Paris's Orly airport and Marseille and Toulouse, which until now have been a monopoly of Air Inter, are supposed to be opened on Thursday.

It is hardly surprising, then, that a team from the International Monetary Fund is in Moscow to look at the figures and negotiate new loans, or that Lawrence H. Summers, the U.S. Treasury undersecretary and Washington's point

A New Form of Russian Roulette

By Steven Erlanger
New York Times Service

MOSCOW — "The Great Game" was what Rudyard Kipling called the long struggle between the Russian and British empires over Central Asia.

The great game these days is the struggle of the Russian government to get loans from the International Monetary Fund to bail out its budget.

The pattern, as Western economists and diplomats have come to understand, is for Russia to make plausible promises of fiscal and monetary discipline while citing the crucial importance of the success of Moscow's economic transformation to the well-being and peace of the world.

It is a compelling argument, especially when the situation in Russia gets a bit shaky, as it has over the last couple of weeks.

There was a sudden collapse in the value of the ruble, apparent tension between President Boris N. Yeltsin and Prime Minister Viktor S. Chernomyrdin, and the dismissal of the acting finance minister and central bank director.

The new budget promises strict discipline — even stricter than last year's! Alexander Shokhin, a deputy prime minister, calls it "a new ideology." Mr. Chernomyrdin calls it "a whole new concept," promising that "there will be a tougher line on economic reforms."

The 1995 budget forecasts a deficit of 77.5 trillion rubles (about \$26 billion), 8.4 per-

MOSCOW — The new director of Russia's central bank pledged Monday to use all available currency reserves to prop up the battered ruble. "Foreign currency reserves, of which the central bank of Russia is the only holder, will be used to defend the ruble rate," Tatyana Paramonova told the Inter-Fax news agency.

The bank has spent billions of dollars this year to support the Russian currency. It abandoned its policy of staying out of the market after the ruble went into a free fall this month. Ms. Paramonova's predecessor, Viktor Geraschenko, resigned under pressure Oct. 14 after the ruble plunged 21 percent against the dollar in one day. The Russian currency has since regained most of those losses and returned to a slow but steady decline.

On Monday, the dollar traded at 3,030 rubles, slightly stronger than Friday's close of 3,022.

Since the ruble crash, the central bank and the Ministry of Finance reportedly have increased cooperation in an effort to stabilize the currency. The ministry also maintains substantial foreign-exchange holdings.

According to central bank figures, Russia's overall net foreign reserves totaled \$4.1 billion on Sept. 1.

man on the Russian economy, arrived here Sunday.

As far as the government, which has been feeding new inflation by issuing large credits all summer despite its promises to the fund not to do so, has just completed a draft budget for 1995.

The new budget promises strict discipline — even stricter than last year's! Alexander Shokhin, a deputy prime minister, calls it "a new ideology." Mr. Chernomyrdin calls it "a whole new concept," promising that "there will be a tougher line on economic reforms."

The 1995 budget forecasts a deficit of 77.5 trillion rubles (about \$26 billion), 8.4 per-

cent of the estimated gross domestic product.

Mr. Shokhin, who also is the economics minister, told the newspaper Izvestia that the deficit would be financed through "noninflationary means" like Treasury bills, bonds and Western loans, not through printing money or issuing credits. The budget foresees inflation of about 1 percent a month by 1996.

But politics can play havoc with elegantly drafted budgets.

The 1995 budget must first be passed by the lower house of Parliament, which will discuss it Thursday, the same day as the scheduled confidence vote.

Legislators want to spend more money for social, industrial and political needs, not less. And after the ruble fiasco, the opposition, which dominates Parliament, is unlikely to be in a mood to help Mr. Yeltsin.

The passage of a no-confidence motion would not demand any action of Mr. Yeltsin now, but if a similar motion passes again within three months, he must either name a new cabinet or call new parliamentary elections.

Even if the budget is passed in approximately acceptable form, there is no guarantee the government will hold to it.

The 1995 budget coups off some \$6 billion in new IMF and other Western credits.

But fund officials said they were skeptical about big new loans.

At a seminar here last week, the fund's chief economist, Michael Mussa, said: "Until a cap is put on spending, there is no hope of containing the budgetary situation. That needs to be demonstrated by the government."

He said he was concerned about the amount of Western money Russia seemed to be counting on, even in such an austere draft budget, when it would be better off improving its tax receipts.

But as the great game continues, Western diplomats hint that the IMF in the end will come up with significant financing.

"It's the same old problem," one diplomat said. "The promise of money brings more discipline rather than less, and Russia's too important to let go down the drain."

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40		
2300	3400	2300		
Exchange	Index	Monday Close	Prev. Close	% Change
Amsterdam AEX	401.33	399.85	+0.37	+0.93%
Brussels Stock Index	7,148.28	7,157.91	-0.13	-0.16%
Frankfurt DAX	2,025.38	2,022.22	-0.16	-0.15%
Frankfurt FAZ	767.88	765.72	-0.28	-0.36%
Helsinki HEX	1,946.08	1,944.53	-0.05	-0.2%
London Financial Times 30	2,325.20	2,333.70	-0.36	-0.36%
London FTSE 100	3,029.10	3,032.50	-0.12	-0.12%
Madrid General Index	293.37	293.59	-0.02	-0.07%
Milan MIBTEL	9,975.00	9,949.00	-26.00	-0.12%
Paris CAC 40	1,841.59	1,842.09	-0.50	-0.03%
Stockholm Afaersverden	1,876.63	1,877.70	-0.07	-0.06%
Zurich SBS	898.87	894.99	-0.58	-0.55%

Sources: Reuters, AFP

Page 15

International Herald Tribune

Very briefly:

Norsk Hydro AS said that profit quadrupled in the third quarter from the year-earlier period, to 1.1 billion kroner (\$169.4 million), as a rise in sales for land-based activities offset a decline in profit of offshore operations.

The German states of Baden-Württemberg and North Rhine-Westphalia issued cost-of-living data showing that inflation slowed sharply in October from September. The rate in Baden-Württemberg slowed to 2.6 percent annually from 2.9 percent, and in the other state to 2.7 percent from 2.8 percent.

Banco Español de Crédito SA said it posted profit of about 5 billion pesetas in the third quarter, after a first-half loss of 21.83 billion pesetas. A spokesman said the bank expected to come close to breaking even for the full year.

Time Warner Inc. is talking with Chargeurs SA of France about a joint bid for a cable-TV channel the French government has put up for sale, according to a published interview with an executive from Time Warner.

Detroit Diesel Corp. said it would purchase VW Motor SpA of Italy, a diesel engine maker, for \$125 million.

(Bloomberg, Reuters, AP)

DIVERGENCE: IBM and GM Take Different Roads to Recovery, but IBM Could Find Helpful Signs on Automaker's Route

Continued from Page 13

they sound prepared for a lengthy, sometimes bumpy road to recovery.

"We've got a long way to go to get this company ticking again," Jerome B. York, the chief financial officer of IBM, said. "We understand that."

In Detroit, GM executives clearly recognize they have much hard work ahead, especially after last week's setback.

"Sometimes you take two steps forward and take one step back," G. Richard Wagoner Jr., president of GM's North American operations, said Friday. In the early going, he said, the No.

1 automaker benefited from some "quicker hit" savings.

Now, as GM addresses structural problems in the way it develops cars and trucks, the savings might not be apparent for years.

"You don't see the results from one day to the next," Mr. Wagoner said.

At the end of 1992, the payroll was down 25 percent, to 302,000 workers, with stated plans to trim an additional 25,000 or so. But Mr. Gerstner, 52, the IBM board chose a classic general manager.

Both chief executives cut costs with abandon. At IBM, payroll cuts had been made

gradually since 1986, when the company's worldwide employment peaked at 406,000.

The current IBM cost-cutting goal is to reduce annual expenses by some \$8 billion by 1996. Mr. York said IBM had already achieved savings of \$5.5 billion a year, partially by setting cost targets based on the costs of its most efficient competitors.

At GM, Mr. Smith also cut

costs by shrinking GM's employment in North America by 34,000 people, or 23 percent, since 1991. Like IBM, the auto company has used the production costs of competitors as targets for its own cost-cutting program.

GM has made some impressive strides. In 1991, the company posted a loss of \$10.1 billion, before interest and taxes. Last year, by contrast, it made a

\$362 million profit — a swing that Fortune magazine hailed a few weeks ago as "GM's \$1 Billion Turnaround."

From 1991 to the beginning of 1994, GM trimmed \$2,800 in costs, before taxes, from every vehicle it made, Harbour & Associates, a Troy, Michigan, research firm, estimated.

The bad news for GM is that it is still far less efficient than the industry's cost leaders. That

explains why Chrysler Corp. made \$1,000 on average on every vehicle it sold in the third quarter of this year, while GM lost \$296.

The third quarter is traditionally a soft time for the carmakers because it includes summer-time shutdowns of factories for maintenance and vacations.

But with the economy strong, Chrysler reported a \$651 million profit in the third quarter and Ford Motor Co. is expected to announce a profit of up to \$1 billion on Wednesday.

PRICE PLUMMETS

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Pioneer to Rescue Carolco Pictures

Bloomberg Business News

TOKYO — Pioneer Electronic Corp. plans to provide about \$8 million in fresh financing to Carolco Pictures Inc. to enable its ailing Hollywood movie affiliate to continue making pictures, Pioneer said Monday.

Pioneer said Carolco, whose hit movies have included "Basic Instinct" and "Terminator 2," ran out of cash to finish its latest project and asked for help.

The Japanese maker of audio and video equipment will provide the money by paying license fees in advance for the right to make video cassettes of Carolco movies and other spinoff products.

Carolco said that its agreement with Pioneer, along with separate accords with other shareholders and creditors, should give it the \$20 million it needs to keep going.

Carolco said that its funding shortfall came because of casting and production problems that had delayed filming on two latest projects, "Cutthroat Island" and "Show Girls."

Pioneer invested in Carolco in 1990 and is the largest shareholder, with a stake of 41.2 percent.

As well as the assistance from Pioneer, Carolco will get around \$2 million from Le Studio Canal Plus, a French entertainment enterprise that owns 17 percent of Carolco. It will transfer the rights to "Show Girls" to Metro-Goldwyn-Mayer Inc., an 18.5 percent shareholder.

Analysis said the move was risky for Pioneer because there was no guarantee that Carolco's latest film would be successful enough to bring in the cash to cover the extra financing.

"This makes things very difficult for Pioneer," said Hiroshi Kuriyama, industry analyst at CS First Boston (Japan) Ltd. He said that Pioneer would probably have to keep funding Carolco as long as the company went on making movies.

Pioneer will probably keep paying Carolco what it can each year and the movie studio will continue to hurt Pioneer's consolidated earnings, Mr. Kuriyama said.

Billions Spent, Sony Pictures Has a Long Way to Go

By Bernard Weinraub
New York Times Service

HOLLYWOOD — Three weeks after the departure of Peter Guber as chairman of Sony Pictures Entertainment Inc., the Japanese-owned studio appears stricken by indecision, high-level bickering and turmoil, defections and a weak slate of new movies. The same problems, in other words, that it has been grappling with in recent years.

Sony bought Columbia Pictures and Tristar Pictures in 1989 for \$3.4 billion. Few people in Hollywood expected immediate major changes.

But talent agents, producers and several executives at rival studios said that the problems at Sony Pictures seemed so entrenched that the Japanese company, which has spent perhaps as much as \$8 billion in Hollywood, would have to spend hundreds of millions of dollars more to lift the studios out of their morass.

Within Hollywood, the turmoil at Sony has been overshadowed by the plans for a new studio announced by three of the most powerful men in town, Steven Spielberg, Jeffrey Katzenberg and David Geffen.

"The fact is, we had a bad year," said Mark Canton, chairman of Columbia Tristar Motion Picture Cos. "There's no

denying that. We made bad choices."

"The Last Action Hero," the 1993 big-budget Arnold Schwarzenegger action-comedy, Mr. Canton said, "brought the sense of loss."

"That was the demarcation line. Our focus was lost. The eyes were off the ball."

"There's a period of transition taking place now, and it's going to be successful. It is," said Mr. Canton, who is known for his enthusiasm and optimism. "I had breakfast the other day with Arnold Schwarzenegger. I was on the phone the other night with Sylvester Stallone. I'm doing my bit. We're not stopping. We're on the way."

Still, in contrast to every other major studio, Columbia has no blockbusters or high-profile films coming up over the holiday season, with the modest exception of "Little Women."

After that, Columbia will offer a lineup of low-key, moderately budgeted movies into the summer — highly unusual for a large studio.

Tristar's sluggish production schedule in the past has left its executives feeling like stepchildren within the Sony hierarchy. But Tristar, in contrast to Columbia, has some potential commercial and critical successes, including "Mary Shelley's Frankenstein," with Rob

ert DeNiro and Kenneth Branagh.

Sony Pictures has had some hits in recent years, most notably "Sleepless in Seattle," "Philadelphia" and "A League of Their Own."

But last year it suffered losses estimated at \$200 million on several debacles, including "The Last Action Hero," "I'll Do Anything," "Geronimo," and "Lost in Yonkers."

The downward spiral contin-

ues: hiring executives at enormous salaries and giving golden handshakes to others, on bonus pools reaching into the millions, on perks and for rebuilding the studios to make offices and dining rooms the sleekest in Hollywood.

But building sleek offices and amenities has turned out to be a lot easier than cutting through the layers of indecision at the studios. Executives at the top, like Alan Levine, a lawyer who

had executive a little, and they work at cross-purposes."

In recent days, Mr. Canton has sought to send a message to Hollywood that his studio is definitely back in business. Several films have been announced, notably a big-budget special-effects adventure called "Jumanji," starring Robin Williams, who will get about \$15 million for the Tristar film.

"We're hitting singles and doubles now, not striking out," Mr. Canton said. "We're not folding the tent. OK, let's learn something from our mistakes and failures."

Fault for the mistakes and failures is hardly Mr. Canton's alone. Film executives within Sony as well as at other studios said that Michael P. Schulhof, the top manager of Sony's sizeable operations in the United States and president of Sony Corp. of America, not only created the studios' faltering man-

agement regime but also endorsed the billions spent so far.

The 51-year-old Mr. Schulhof, who declined to comment for this article, is under considerable pressure from Japan to fix Sony's flagging entertainment empire in America. It was Mr. Schulhof who brought Mr. Guber and his then-producing partner, Jon Peters, to run Sony at a cost that may ultimately reach more than \$700 million.

Messrs. Guber and Peters have left Sony separately, receiving bonuses that reach into the tens of millions of dollars. Most of Mr. Guber's duties have been assumed by Mr. Levine, a Hollywood lawyer who is relatively inexperienced in film-making.

It was Mr. Levine even more than Mr. Guber who oversaw the faltering business side of Sony studios, together with Jonathan Dolgen. Mr. Dolgen, who tangled with Mr. Levine repeatedly, quit March 17 to become chairman of Viacom Entertainment Group, which runs Paramount.

The loss of Mr. Dolgen was just one of several to strike the company. In the last few years, Messrs. Schulhof, Guber and Levine have eased out Frank Price, the former chairman of Columbia, and Mike Medavoy, the former chairman of Tristar.

Building sleek offices has turned out to be a lot easier than cutting through the layers of indecision at Sony's studios. Executives at the top seem to be in constant states of turmoil, frustration and competition.

ued this year, with big-budget flops and some high-profile disappointments, like "Wolf." The studio has less than 10 percent of the industry's box-office sales this year, trailing five other studios.

A common characterization of Sony in Hollywood now is that it is close to paralysis.

Actually, the bulk of the \$8 billion spent by Sony in the last five years has not been on making movies. It was spent, instead, on buying the company.

These include Mr. Canton; Fred Bernstein, president of Columbia TriStar Motion Picture Cos.; Lisa Henson, president of Columbia Pictures; Barry Josephson, president of production at Columbia; and Sidney Ganis, president of worldwide marketing at Columbia TriStar.

Reassurance and surveillance: 60%

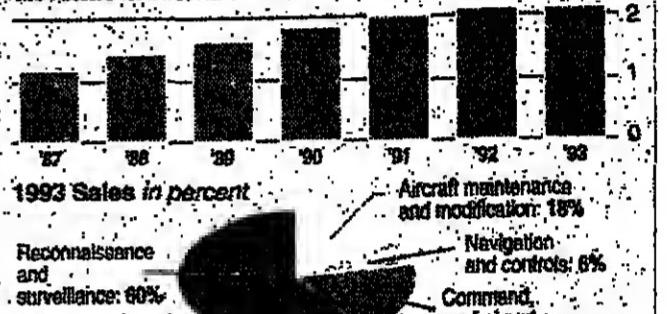
Aircraft maintenance and modification: 18%

Navigation and control: 5%

Command, control and communications: 16%

E-Systems in Profile

Revenue in billions of dollars



Source: Company Reports

3

1992 Sales in percent

Aircraft maintenance and modification: 18%

Navigation and control: 5%

Command, control and communications: 16%

Reconnaissance and surveillance: 60%

International Herald Tribune

SPY:Tapping Into Corporate Image

Continued from Page 1
as a suitor, as has fast-growing Loral Corp., whose chairman, Bernard Schwartz, effusively praised E-Systems in a recent interview.

"It's a neat fit with Loral and has a great technology base," Mr. Schwartz said.

The firm has one asset that could be worth billions to any partner: the trust of the nation's intelligence establishment.

Elliott Rogers, a defense industry analyst with Cowen & Co., a New York-based brokerage firm, said that when he asks intelligence officials which firm they consider most reliable and discreet, the usual reply is E-Systems. "It is viewed as so key partly because it keeps its mouth shut," he said.

Classified contracts furnished \$1.8 billion of E-Systems' \$2.1 billion in 1993 revenue, or 85 percent of sales — the highest percentage of any large firm. The firm wants the ratio to be half classified, half unclassified by 2000.

With 15,625 employees, E-Systems has pared its workforce nearly 18 percent from its 1988 high of 19,000 people. It has 3,300 employees in the Washington area, mostly in Falls Church at its Melpar division, which makes the reconnaissance gear used in spy planes to take pictures and capture electronic signals.

The central problem for E-Systems, its officials said, is a lack of experience in designing products or services for public customers, known by some in the firm as the "white" world, as opposed to those in the secretive intelligence environment, often referred to as "black."

One air force official said E-Systems "has been black so long it doesn't know how to operate any other way."

Even so, all the firm's divisions are dreaming up new commercial ventures. For example, a machine the company designed for the National Security Agency now makes it possible for a police officer to tap 16 phone lines at once.

E-Systems also is seeking new uses for CIA-sponsored computer technology that can process, enhance and compare spy satellite photos. By filtering out clouds, fog, soot and snow, E-Systems computers can discern subtle changes in the pictures, such as a hatch door that'sajar at a Russian missile base, and help interpret the meaning — perhaps a missile launch.

Now the firm is adapting these computers to spot differences over time in human tissue, to note, for example, tiny breast lumps that may be cancerous.

E-Systems also is commercializing gear it made years ago to let the National Security Agency store vast amounts of computer data, such as the phone calls and electronic beeps recorded by spy satellites.

An E-Systems division called EMASS sells this technology to

oil companies keeping large quantities of seismic data, as well as to banks and video archives. Linking several phone booth-sized EMASS computers, it is possible to store 5 trillion pages of text — a stack of paper 150 miles (240 kilometers) high — and retrieve any page with lightning-fast speed.

Commercial uses might be found too for the company's once-secret sensor gear, which could be valuable in detecting vehicle traffic volume, for example, or mapping the earth's underground strata.

Some E-Systems employees fearful about sharing secrets with outsiders, were uncomfortable in 1992 when the company hired Mike Allred, a former Xerox Corp. executive, to market EMASS to commercial firms, industry officials said.

"A lot of walls have come down" since then, Mr. Allred said.

E-Systems, founded by Texas aviation engineers in the 1940s, specialized in aircraft electronics and was known as Temco. In 1960, it was snapped up by James J. Ling, an audacious Dallas wheeler-dealer who built a motley conglomerate called LTV Corp.

By 1968, LTV was teetering under a debt load Mr. Ling had accumulated. Soon LTV's board dismissed him, but on his way out Mr. Ling placed the financially failing Temco division, renamed LTV Electronics, in the hands of his corporate planner, John W. Dixon, an economist.

Mr. Dixon was a visionary who quickly assigned his engineers to work on a lucrative new business: extremely high-tech electronics and computers for classified spy craft and surveillance systems.

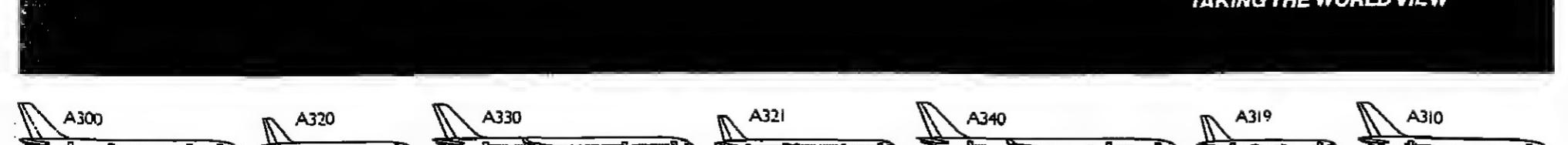
LTV Electronics was a market leader from the start. It was the dawn of the computer age, and the federal government was just starting to build the classified computer networks that now, billions of dollars later, handle much of the data collected by the U.S. intelligence community.

"We were there just at the right time," James Crowley, now E-Systems' general counsel, said of the firm's early work. "There were only one or two other firms there, too."

There was little public notice in 1972, when LTV spun off Electronics, now renamed E-Systems, by selling its stake in Electronics to investors.

In the early 1970s E-Systems won several key contracts, such as installing communications gear on Air Force One, that helped establish its position in the secret world. The company has held on to this and other classified contracts for decades.

The company's ties to the government have been tested over the years as it fired hundreds of CIA, National Security Agency and military retirees as employees or subcontractors.

AIRBUS INDUSTRIE
TAKING THE WORLD VIEW

Jeffrey S. Israels

Australia Raises Interest Rates By a Full Point

Reuters

SYDNEY — The Reserve Bank of Australia raised interest rates Monday for the second time in less than three months to try to prevent an inflationary backlash from hurting the country's growing economy.

The central bank said it would intervene in the money markets Monday to raise the key official cash rate to 6.50 percent from 5.50 percent. The central bank last raised interest rates Aug. 17, by three-quarters of a percentage point. The August rate rise was the first since December 1993.

Economic growth at 4.3 percent in the year ended in June, is expected to jump above 5 percent in the next quarter after a leap in retail sales and a surge in employment to a record high in September.

Mr. Fraser foreseened the rate increase last week in committee to a parliamentary committee, but traders said the rise still had been slightly earlier and larger than expected.

The Australian dollar rose to 73.69 U.S. cents from 73.08 cents, while the All Ordinaries stock index edged up 2.80 points to close at 2,037.40.

Economists termed the rate increase aggressive and well-timed and said it should ease market concerns about Australia's inflation outlook.

"It did surprise, and it's a bit bigger than expected, but given the strength of the economy it was clearly the right thing to do," Rory Robertson of Bankers Trust Australia Ltd. said.

■ **Pacific Dunlop Is Upbeat**

Pacific Dunlop Ltd. is poised to benefit from the strongest economic conditions in four years, mainly as it increases its presence in high-growth Asian markets, Bloomberg Business News quoted Chairman John B. Gough as saying.

The Finance Ministry said Monday it would keep the unsold shares for the rest of the fiscal year, ending March 31, to prevent downward pressure on the stock market, according to an Agence France-Press report from Tokyo.]

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fighting inflation in an economy that is growing very strongly."

Economists said the increase would pass quickly to commercial prime lending rates, sapping growth in mortgage lending, which has run at an annual rate of more than 20 percent since December 1993.

Economic growth at 4.3 percent in the year ended in June, is expected to jump above 5 percent in the next quarter after a leap in retail sales and a surge in employment to a record high in September.

Mr. Fraser foreseened the rate increase last week in committee to a parliamentary committee, but traders said the rise still had been slightly earlier and larger than expected.

The Australian dollar rose to 73.69 U.S. cents from 73.08 cents, while the All Ordinaries stock index edged up 2.80 points to close at 2,037.40.

Economists termed the rate increase aggressive and well-timed and said it should ease market concerns about Australia's inflation outlook.

"It did surprise, and it's a bit bigger than expected, but given the strength of the economy it was clearly the right thing to do," Rory Robertson of Bankers Trust Australia Ltd. said.

■ **Pacific Dunlop Is Upbeat**

Pacific Dunlop Ltd. is poised to benefit from the strongest economic conditions in four years, mainly as it increases its presence in high-growth Asian markets, Bloomberg Business News quoted Chairman John B. Gough as saying.

The Finance Ministry said Monday it would keep the unsold shares for the rest of the fiscal year, ending March 31, to prevent downward pressure on the stock market, according to an Agence France-Press report from Tokyo.]

New Offerings Lend Spice to Indonesian Exchange

Reuters

JAKARTA — Indonesia's stock market, shunned by foreign investors for most of the year, is set to perform strongly in the next few after the successful local and international listing of the telecommunications company IndoSat, brokers said.

They said that earnings in 1995 were expected to show growth of 25 percent and that greater liquidity and market capitalization made Jakarta one of the most attractive emerging markets in the world.

"I may be a little overbullish when I say pin your ears back and go for it, but there are a lot of very good factors in this market," said Michael Chambers of the brokerage G.K. Goh Omeraco.

Indosat, which attracted many first-

time foreign investors to Indonesia, has dominated trading since its local listing Wednesday and chalked up a gain of 24 percent from its initial public offering price of 7,000 rupiah (\$3.22).

Brokers said its high-profile listing in Jakarta and last week in New York had helped put the local market on the map and would boost liquidity, a problem that has plagued the exchange.

"Many investors ignored Jakarta this year because of poor liquidity. But with Indosat and deregulatory measures from Bapepam starting to take effect, liquidity should increase," said Adnan Tan, sales director at Morgan Grenfell Asia Indonesia. Bapepam is the country's stock market watchdog agency.

After jumping 115 percent last year

and peaking in January, the market has faced persistent overseas selling pressure, a state banking scandal and political unrest in Medan in April.

But Indosat, capitalized at \$4.2 billion, has raised market capitalization to \$50 billion. It is the second-largest stock on the exchange after the cement maker Indocement.

Brokers said Indosat had also paved the way for a series of major listings in 1995, including the national airline Garuda Indonesia and the telecommunications company Telkom.

"The depth of this market is becoming much greater now," said Quentin Jordan, a director at the brokerage concern HG Asia Indonesia. "So many more people are aware of Indonesia."

After jumping 115 percent last year

Stocks Soar After China Calls for Stability

Compiled by Our Staff From Dispatches

SHANGHAI — Stocks soared Monday after a top securities official said China must quickly establish investment funds.

The Shanghai Securities News quoted an unnamed official of the China Securities Regulatory Commission as saying urgent measures must be taken to stabilize prices.

The official told the paper that long-term investment funds, which now account for only 1 percent of share trading, would reduce the level of speculation on stock markets.

China has promised to boost the number of investment funds before it has started because of worries that their fund-raising activities could hit savings and fuel inflation. Analysts said the article lacked concrete details but was largely taken as a positive sign.

The development of investment funds would be good news, but they have been promising this for a long time," Timothy Mou of Smith New Court in Hong Kong said.

The front-page story in China's leading securities newspaper reflected growing alarm that volatility on the country's stock markets in Shanghai and Shenzhen could upset plans to develop capital markets to raise money for industrial development.

In a five-week period starting at the end of July, the Shanghai Stock Exchange A share index for domestically traded shares rocketed 240 percent.

Last week, the A-share index gained 13 percent after Mayor Huang Ju of Shanghai visited the market. It is still almost 30 percent down from mid-September, when the market was hit by fears of senior leader Deng Xiaoping's death and speculation that the government would backtrack on reforms.

This is probably the biggest civil project ever signed between the United Kingdom and Indonesia," said Britain's trade minister, Richard Needham. He said it would be worth about \$600 million.

Trafalgar will have a 40 percent stake in the venture, and two Indonesian companies will each have a holding of 30 percent.

(Bloomberg, Reuters)

Investor's Asia



Sources: Reuters, AFP

International Herald Tribune

Very briefly:

Bank Pembangunan Indonesia's former director, Towil Heryoto, is likely to be sentenced to 14 years in jail for his part in a loan scandal if the judge follows a prosecutor's recommendation, the Antara news agency reported.

Goldstar Electronic Devices Co. plans to invest \$3.75 billion to build a third chip factory to produce dynamic random access memory chips.

Hong Kong banks unveiled measures to combat money laundering, including instructional booklets and videos for bank staff.

Volkswagen AG's Shanghai Volkswagen Corp. plans to double its registered capital to 2.3 billion yuan (\$270 million), the Xinhua news agency reported.

Sony Corp. plans to set up a joint venture next month in Ho Chi Minh City with Vietronics Tan Binh Co. to produce and market audio and video equipment in Vietnam.

China has stopped trading of futures in two agricultural commodities and taken other measures to tighten the regulation of futures markets, an official newspaper reported.

Standard Chartered PLC of Britain and Canadian Imperial Bank of Commerce will cease to be quoted on the Tokyo Stock Exchange as of Jan. 31.

China's president, Jiang Zemin, said after meeting with Alan Greenspan, chairman of the U.S. Federal Reserve Board, that he hoped for greater cooperation between the central banks of the two countries.

AP, AFP, Reuters

Morgan Joins China Bank

Reuters

BEIJING — Morgan Stanley Group Inc. and People's Construction Bank of China signed an agreement Monday to form China's first international investment house.

The new Beijing-based company, China International Capital Corp., will engage in a broad range of investment banking and advisory activities.

These will include helping Chinese companies and joint ventures raise funds in the international market, advising on restructuring and financing, and helping foreign investors make direct investments.

The company's shares will be

evenly split between Chinese and foreign investors. People's Construction Bank will hold a 42.5 percent stake, and China National Investment & Guarantee Corp. will own 7.5 percent.

Morgan Stanley will hold 35 percent, and Government of Singapore Investment Corp. and Hong Kong's Manly Corp. will each own 7.5 percent.

IBM's China Venture

International Business Machines Corp. and Qinghua University, one of China's top universities, formed a joint venture to develop computer software, the Associated Press reported from Beijing.

NYSE

Monday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

12 Month High Low Stock Div Yld PE 1993 High Low Latest Close

12 Month High Low Stock Div Yld PE 1993 High Low Latest Close

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12 Month High Low Stock Div Yld PE 1993 High Low Latest Close

SPORTS

More Slots In '98 Cup May Go to Europe

Compiled by Our Staff From Dispatches

NEW YORK — Europe is likely to be granted three additional berths in the 1998 World Cup soccer finals in France when the tournament will be increased from 24 to 32 countries, a FIFA official said on Monday.

The allocation of eight additional berths for the next World Cup finals is the top item on the agenda when the Executive Committee of soccer's world governing body begins meeting here Tuesday.

The World Cup, which saw the 1994 host, the United States, reap profits of \$60 million, will be expanded for the finals in France in 1998 and regional confederations are campaigning aggressively for the extra places.

But FIFA's president, Joao Havelange, is reported to have already struck a deal with the competing bodies.

The sport's European governing body, UEFA, had asked for the extra places to be allocated according to the composition of the 1994 cup quarterfinals, in which there were seven European teams and Brazil.

"However, we needed to have agreed before the finals if we were going to use that system," said FIFA's secretary-general, Sepp Blatter.

But he did not disagree when asked whether 16, including the hosts France, was a plausible figure for European teams in 1998.

"When we take our decision on Thursday," he said, "the executive committee will have taken into account both quantity and quality."

UEFA is thought to have won its battle against another system based on a series of playoffs.

But UEFA's stand will be opposed by the African and Asian confederations. Both want two more places for their teams and only two more for Europe.

African football has more than proved itself on the international stage," said the president of the African confederation, Issa Hayatou. "We are sorely underrepresented."

The South American confederation is in favor of one more berth for each confederation — Europe, Africa, Asia, South America and CONCACAF — and wants the top three teams from the U.S. World Cup — Brazil, Italy and Sweden — to qualify automatically.

Other matters to be addressed during the three-day meetings include plans for the 1996 Atlanta Olympics soccer tournament, status of the start-up U.S. professional league and analysis of the past World Cup, which was marred by the banishment of the Argentine star Diego Maradona for illegal drug use.

(AFP, Reuters)



AN AFFAIR OF STATE — AC Milan's Dutch star Ruud Gullit fleeing a Sampdoria defender in an Italian league match that ended 0-0. Although the once-mighty Milan is wallowing in eighth place, Prime Minister Silvio Berlusconi said on Monday in his weekly radio interview that he was sure the team — which he owns — would rebound soon.

Japan Baseball Fans to Feel Chill of the Night

The Associated Press

TOKYO — Tuesday's third game of the Japan Series may be a little cold for the baseball fans, but it will be a better sell for television.

The game, with the Seibu Lions and the Yomiuri Giants tied 1-1 in the best-of-seven contest, will be the first night game in 30 years in the Japan Series.

The timing means television broadcasters pay higher fees to Japan's baseball commissioner, but in turn can charge higher fees for advertisements aired during the game.

Television stations declined to say exactly how much higher the fees would be.

Yoshiaki Kanai, secretary-general of the Japan Baseball Commissioner, said it had been decided to hold weekday Japan Series games, now and in the future, at night to give as many fans as possible a chance to watch on television. Seats at the stadiums usually are sold out.

Kanai said TV stations also wanted the biggest possible audiences.

This year, the change means playing games 3, 4 and 5 at night. Games 6 and 7,

to be played Saturday and Sunday if necessary, would be held in the daytime at the Tokyo Dome.

Kanai said fans at the game Tuesday might feel cold at the 37,000-seat Seibu Stadium in Tokyo's suburbs, where the temperature could drop to 10 degrees centigrade (50 Fahrenheit) at night. Tuesday's daytime forecast was for 18 degrees centigrade (64 Fahrenheit).

Extra television revenue would go to such things as player welfare funds, with some additional share for the two teams.

U.S. Soccer League: An Idea Whose Time Has Not Come

Long After '94 Cup, Plan Is Far From Realized

By Alex Yannis
New York Times Service

UNION, New Jersey — They came from five states, 322 of them, semi-pro players, former college stars, and even two 14-year-olds from nearby Hudson Catholic High School. They gathered at Kean College to try out for a professional soccer league that was meant as the legacy of the 1994 World Cup but right now is still an idea whose time has yet to come.

The tryout was conducted by Major League Soccer, the first of 16 it has planned to stock teams for the new enterprise that was supposed to be in place shortly after the World Cup ended in July. Despite promising "major announcements" several times in the last several months, the league, scheduled to start in April, is still in the business-plan stage.

David Dir, the director of player development for Major League Soccer, called the tryouts "a search for diamonds in the rough."

"I've seen about 190 games and I've started to build a pool of players," said Dir, who has also scouted talent in professional, semi-pro, and amateur games. "I've ranked about 700 players, but I want to make sure I give everybody a chance. Some of these guys will be invited to three combines we will have in January."

Roger Chavez, a former star at Long Island University, was among the candidates. Like many of the players here, he had one question uppermost on his mind: "Is there going to be a league?"

Alan Rothenberg, the chairman of the league and president of the U.S. Soccer Federation, declined requests last week for comment on the league's status. One person familiar with the league's plans, who asked not to be identified, said that the league's chances of operating next spring were "50-50."

But two of Rothenberg's deputies and Charlie Stilliano, the director of the Giants Stadium venue for the World Cup, gave an optimistic report when asked last week about the future of the league.

"I spoke briefly with Alan," said Hank Steinbrecher, Rothenberg's right-hand man with the federation, "and he told me that everything is going forward."

There are a number of good things going. Bill Sage, the chief operating officer of the league, said by telephone from Los Angeles. "There is an investment meeting going on and we will have an announcement in the near future."

The next few days are crucial for the league because FIFA's executive committee will be meeting beginning Tuesday in New York City. One of the conditions imposed by FIFA when it awarded the World Cup to the United States was the establishment of a professional league. It

One person familiar with the U.S. professional soccer league's plans, who asked not to be identified, said that the league's chances of operating next spring, as had originally been planned, were "50-50."

would be good timing to make a so-called "major announcement" while executives of the world governing body were in the area.

If financing and other logistics are not in place for the league by the time FIFA's hierarchy departs on Thursday, it might not bode well for the league's chances to start on time.

Rothenberg has made several attempts to attract a number of corporations or big names in sports to invest in the league. His main supporter appears to be Lamar Hunt, the owner of the Kansas City Chiefs of the National Football League and backbone of the North American Soccer League for years before its extinction.

One aspect that has been making investors think of the league's format of operating primarily as a single entity, meaning that the league will dictate policy for all teams, including the assigning of coaches and personnel.

The league has softened its stance on single entity somewhat, saying that large investors will become "operator investors," so that they can dictate policy of their individual teams.

Giants Stadium was the site of one of seven teams the league announced June 15 in Chicago, two days before the opening of the World Cup.

New York (Long Island), Los Angeles, Boston, Washington, Columbus, Ohio, and San Jose, Calif., were the other six locales.

The plan was to announce five more by the end of the summer, but the lack of any announcement has raised all kinds of speculation.

An Ex-Star on NBA Courts, Thomas Is Now a Player in the Boardroom

By Harvey Araton
New York Times Service

TORONTO — The minority owner and vice president of the Toronto Raptors wears a gold wristwatch on his left hand that was given to him by the players' union.

"A present for retirement," said Isiah Thomas, rolling up the sleeves of his suit jacket.

Not exactly the pension and Social Security-collecting kind of retirement.

At 33, Thomas stepped down from his five-year presidency of the National Basketball Association Players' Association last February, surrendered the Detroit Pistons' point-guard position to a rookie named Lindsay Hunter two months later, and soon after crossed the great labor divide, from employee to employer, from one side of what has become a ground-shaking pro sports battlefield to the other.

Except Thomas doesn't much set it that way, at least in pro basketball terms. He is dressed, and leveraged, more like a corporate executive than a sneaker company pitchman, but his wristwatch, at least, remains on Players' Standard Time.

"As I sit here today, owning part of a team, I would hope that the players would be strong enough, solidified enough, so that they would give Charlie the same support of the players before them," Thomas said, referring to the union director, Charles Grantham.

If they do, and if the NBA owners do not get trapped in the ideological prison currently occupied by baseball and hockey, there will be no basketball lockout or strike. Thomas said. There will, as always, be a deal.

"The NBA is good business," he said. "And I look at it like a business, not as a confrontation. That was my view as president of the players' association. That's my view now as an owner."

This very notion of Thomas as shareholder (10 percent valued at roughly \$12 million) of the expansion Raptors — who with the Vancouver Grizzlies, will enter the NBA next season — is enough to suggest that he might be an embodiment of hope for the NBA and its labor prospects.

There are players in all major team sports who ascend to the front office, but how many become actual investors? These progressive developments historically occur first in the

NBA. But even by that league's standards, Thomas's rise is unparalleled.

Until recently, the former Philadelphia great Billy Cunningham was part owner of the Miami Heat, but he did not run as Thomas does, the day-to-day operations.

In Los Angeles, Thomas's peer and former close friend, Magic Johnson, has the same

I wasn't interested in endorsing products. I wanted to hire the people who would endorse my product.

titles as Thomas, but Jerry West maintains control of personnel.

In Toronto, Thomas will set up and run the entire organization. He will conduct the team's draft, direct its scouts, trade and sign players and squeeze the club's roster within the confines of the NBA salary cap.

On the scale of the 1980s league-shaping superstars, Thomas indisputably ranked be-

hind Johnson, Larry Bird and Michael Jordan in terms of championships won, stature and likability. Johnson and Bird were the pillars of the NBA boom. Jordan is considered to be the sport's Babe Ruth.

Thomas may have been the best little man to ever play the game, but that argument became almost muted as he evolved as leader of Detroit's two-time champion Bad Boys.

A player who at 6 foot 1 (1.85 meters) and 175 pounds (80 kilograms) could have been packaged as cuddly wound up cast as cunning. Outside Michigan, his trademark smile was seen as wicked, not welcome.

"I never was competing with Jordan or Magic for the endorsement dollars, so I never felt the kind of conflict that they perceived," he said. "I wanted to be on a different path. When you're talking about setting a new paradigm, a new vision that looks out 30 or 40 years, well, most people are uncomfortable with that."

"I wasn't interested in endorsing products," he added. "I wanted to hire the people who would endorse my product. To get to that point, from A to Z, you've got to be

willing to hold the line, no matter what happens at B, C and D."

Point A, he said, was to establish himself as a star player who could attract endorsement revenue. Point B was to elevate himself to championship-level star. Points C and D on so far were to use that leverage, to network with corporate executives inside and outside the NBA, slowly become one of them.

Now Thomas clearly is in position to affect the NBA of the 1990s and beyond more than his former rivals Johnson, Jordan and Bird.

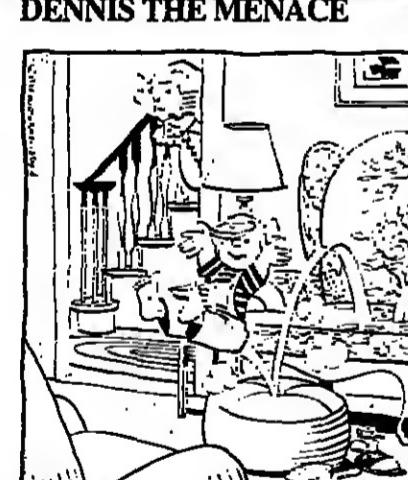
These were larger-than-life opponents, he said, players far more blessed and gifted than he. But, in Thomas's opinion, they thought conventional player thoughts and developed typical player resentments.

That, of course, is Thomas's view. But with Johnson still barnstorming, Bird admittedly bored as a sometimes scout and Jordan pursuing a baseball dream, he may have a point. The others appear to be still looking for a bridge to what Thomas called "the next life."

His, meanwhile, is staked in virgin NBA territory. And the playing field is level now. He has the ball, and it does not matter any more than he is merely 6 foot 1.

DENNIS THE MENACE

PEANUTS



GARFIELD



WHAT DO YOU DO WHEN THEY THINK UP STUFF THAT'S NOT IN THE INSTRUCTION MANUAL?

10/25 JIM DAVIS © 1994

CALVIN AND HOBBES



10/25 BILL WATTSON © 1994

JUMBLE

Unscramble letters to form words. One letter to each square, no more than one letter per square.

Print answer here:

LUBLY

RUFOL

TALOZE

RUMMR

Print answer here:

Yesterdays: JUMBLE, COUPE, FUTURE, MOTION

Answers: JUMBLE, COUPE, FUTURE, MOTION

Yesterday's JUMBLE: When critics suggested that he was ON A QUILT TRIP

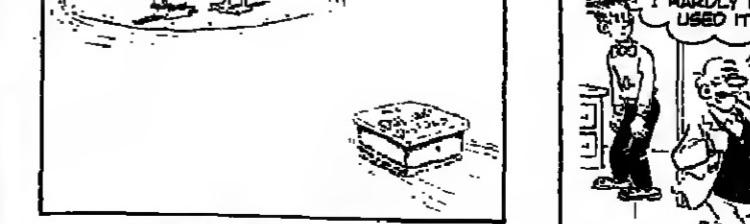
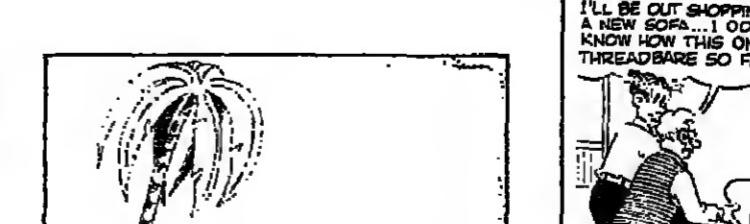
BEETLE BAILEY



THE KIDS ARE FINE, MY FOLKS ARE IN GOOD HEALTH, AND LOIS LIKES HER JOB

10/25 HERB CAEN © 1994

THE FAR SIDE



10/25 DAVE TAYLOR © 1994

DOONESBURY



WHO IS STANLEY ODELL IN JULIE'S STATION-ROOM?

MY FRIENDS SAY THIS ELECTION COVERS DOWN TO 15 CHARACTERS!

*te: An Idea
Not Come
Far From Realized*

SPORTS

NHL Sides Give Dim View of Rift

By Len Hochberg
Washington Post Service

WASHINGTON — Two internal memos — one written by the National Hockey League office to be given to the managers of the 26 clubs, the other written by the NHL Players' Association to be distributed among the 700-plus players — paint a bleak picture of the NHL labor dispute.

In the memos, copies of which were obtained by The Washington Post, the union writes that it does not trust the owners and does not believe the crisis of financial distress, even though players' annual salaries have more than doubled in the past five years to an average of nearly \$560,000, according to the NHL. The league writes that it does not believe the union is being forthright with its members, that the dire financial information isn't reaching the rank-and-file.

But perhaps the most telling passage in both letters — the union's is dated Oct. 19, a day before the league's — was written by the NHLPA.

"As of today," it says, "no new negotiation sessions have been scheduled. It is unlikely that formal or informal discussions will occur shortly."

Since then, the NHL commissioner, Gary Bettman, and the union chief, Bob Goodenow, have spoken at least three times, but they have not announced a formal bargaining session. The lockout reached its 24th day Monday.

"Since the lockout began," the union's letter reads, "the NHL's major public relations theme is that the league and many clubs are on the brink of financial disaster. The NHL has not provided us (or the media) with any reliable financial data to substantiate its claim. The information that the NHL has given to us confirms that no one should believe the league's public claims of distress."

The NHL recently announced that its teams collectively lost about \$30 million in 1992-93 (with "more than half" in the red) and an estimated \$37.6 million last season.

"All of this financial data — revenues, player costs, non-player costs, profit and loss, and the like — was offered to the Union in January," the league's letter states. "We offered to permit the Union to have a qualified independent accountant verify the financial data. The Union declined to even receive the data from us, saying that even if the data showed losses of the magnitude claimed, it was 'unimpressed' and would not alter its bargaining position."

The union's letter offers own-claims it does not believe:

• That the Stanley Cup champion New York Rangers lost money last season, as the league has said.

• That the Chicago Blackhawks, who ranked first in regular-season gate receipts, were "dead last" in in-area revenues.

• That the St. Louis Blues, according to the league, lost money last season.

There has been no bargaining since Oct. 10, when the last offer — the union's — was put on the table (and rejected a day later). Still, both letters say, each side is willing to do whatever is necessary to end the league's longest work stoppage.



Scott Troyer/The Associated Press
A trio of Cardinal defenders stopped Emmitt Smith, but later he scored the winning TD.

SCOREBOARD

FOOTBALL

NFL Standings

AMERICAN CONFERENCE

	W	L	T	Pct.	PF	PA
Miami	5	4	0	.571	181	145
Buffalo	4	5	0	.471	131	143
N.Y. Jets	4	5	0	.471	116	122
New England	3	6	0	.333	102	102
Indianapolis	3	5	0	.429	167	170
Central	W	L	T	Pct.	PF	PA
Cleveland	6	1	0	.857	165	124
Pittsburgh	5	2	0	.667	171	134
Houston	1	5	0	.167	87	134
Cincinnati	2	5	0	.333	101	120
West	W	L	T	Pct.	PF	PA
San Diego	6	1	0	.857	185	121
Seattle	3	2	0	.500	149	131
St. Louis	3	4	0	.429	151	124
Carolina	2	5	0	.333	101	120

NATIONAL CONFERENCE

	W	L	T	Pct.	PF	PA
Philadelphia	6	2	0	.769	187	90
N.Y. Giants	3	4	0	.429	127	144
Arizona	2	5	0	.333	126	150
Washington	2	5	0	.333	167	211
Central	W	L	T	Pct.	PF	PA
Minnesota	4	2	0	.714	147	121
Chicago	4	3	0	.556	127	145
Green Bay	3	4	0	.429	117	97
Denver	5	0	0	.833	186	153
East	W	L	T	Pct.	PF	PA
San Francisco	4	2	0	.667	179	120
Atlanta	4	4	0	.500	150	150
LA Rams	3	5	0	.375	125	150
New Orleans	3	5	0	.375	134	200

CFL Standings

	W	L	T	Pct.	PF	PA
Philadelphie	6	2	0	.769	140	90
N.Y. Giants	3	4	0	.429	127	144
Arizona	2	5	0	.333	126	150
Washington	2	5	0	.333	167	211
Eastern Division	W	L	T	Pct.	PF	PA
Minnesota	4	2	0	.667	147	121
Chicago	4	3	0	.556	127	145
Green Bay	3	4	0	.429	117	97
Toronto	5	0	0	.833	186	153
West	W	L	T	Pct.	PF	PA
San Francisco	4	2	0	.667	179	120
Atlanta	4	4	0	.500	150	150
LA Rams	3	5	0	.375	125	150
New Orleans	3	5	0	.375	134	200

Western Division

	W	L	T	Pct.	PF	PA
Edmonton	22	13	0	.636	372	24
Calgary	14	22	0	.400	354	259
Vancouver	10	26	0	.263	325	221
Toronto	22	13	0	.636	372	24
Montreal	11	25	0	.273	325	221
Ottawa	12	24	0	.322	325	221
Quebec	11	25	0	.273	325	221
Edmonton	14	22	0	.400	354	259
Calgary	10	26	0	.273	325	221
Vancouver	11	25	0	.273	325	221
Toronto	22	13	0	.636	372	24
Montreal	12	24	0	.322	325	221
Quebec	11	25	0	.273	325	221
Edmonton	14	22	0	.400	354	259
Calgary	10	26	0	.273	325	221
Vancouver	11	25	0	.273	325	221
Toronto	22	13	0	.636	372	24
Montreal	12	24	0	.322	325	221
Quebec	11	25	0	.273	325	221

Western Division

	W	L	T	Pct.	PF	PA
Edmonton	22	13	0	.636	372	24
Calgary	14	22	0	.400	354	259
Vancouver	10	26	0	.273	325	221
Toronto	22	13	0	.636	372	24
Montreal	12	24	0	.322	325	221
Quebec	11	25	0	.273	325	221
Edmonton	14	22	0	.400	354	259
Calgary	10	26	0	.273	325	221
Vancouver	11	25	0	.273	325	221
Toronto	22	13	0	.636	372	24
Montreal	12	24	0	.322	325	221
Quebec	11	25	0	.273	325	221

CROSSWORD

SOCCER

ITALIAN FIRST DIVISION

EDMONTON

PHILADELPHIA

